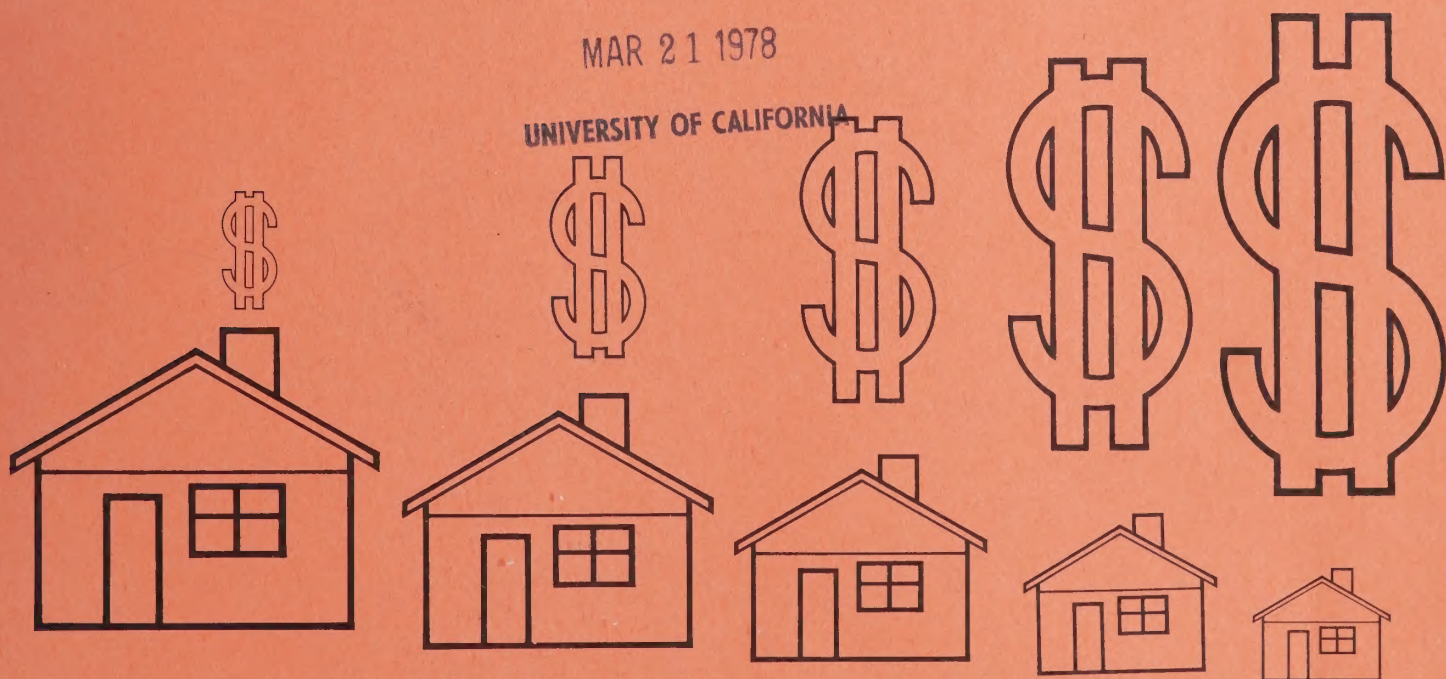


# HOUSING: A Call for Action

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**A Report from the Santa Clara County Housing Task Force**

OCTOBER, 1977





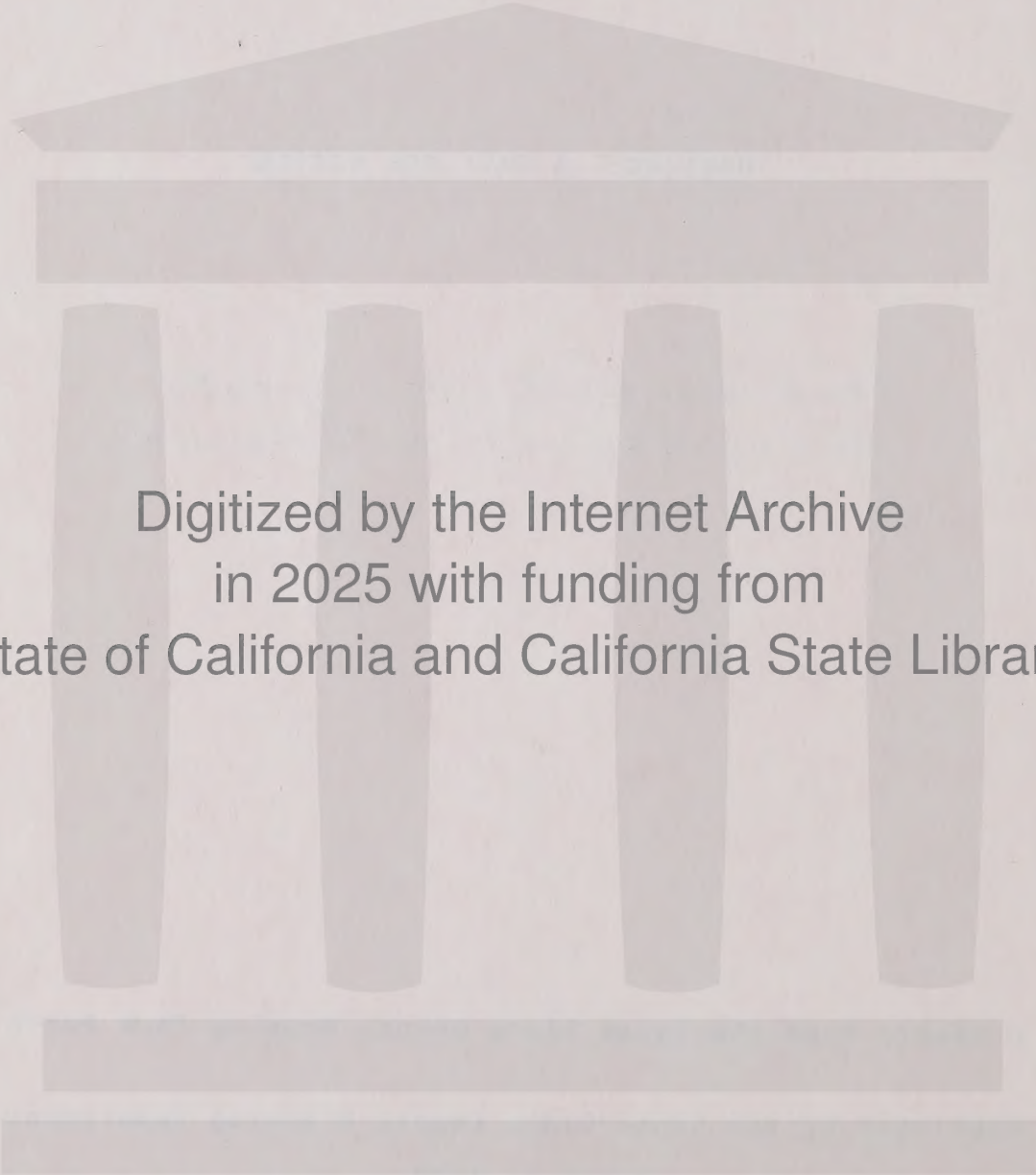
HOUSING: A CALL FOR ACTION

*[Santa Clara County - Planning dept.]*  
*Housing - California - Santa Clara Co.*

A Report from the Santa Clara County Housing Task Force

Published by the Santa Clara County Planning Department

October, 1977



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## FOREWARD

The Santa Clara County Housing Task Force was appointed by the Board of Supervisors in February, 1977. Members of the Task Force represented many segments of the community concerned with the provision and availability of housing. The Task Force included representatives of finance, labor, economics, real estate, planning, engineering, development, building, community groups, cities, and other governments, transportation, environmentalists and other fields.

The Board asked the Task Force to study the housing situation in the County and report in six months.\* The Task Force took the general charge it received from the Board to examine the cost and availability of housing in the County-- and specified a basic question to focus its efforts: How do we increase the supply of affordable housing, promote a heterogeneity necessary to a healthy community balance and protect our physical environment?

In order to study this question most efficiently, the Task Force divided itself into two committees. One dealt with land use and development issues that relate to housing; the other examined housing as shelter and considered its cost and availability to all segments of the community. The individual committees prepared background reports which defined different aspects of the problem and proposed remedial action programs.

Over the past six months, the Task Force members have totaled roughly 4,000 hours of formal meetings, committee meetings and individual work. This final report is the result of the Task Force's efforts to document the principal causes and impacts of the critical housing situation now facing a majority of the citizens of Santa Clara County. The recommendations presented by the Task Force have been designed as an integrated program to deal with the factors affecting housing price, supply and location relative to employment generators.

Other pertinent factors, such as housing discrimination, have also been considered and recommendations have been made. These recommendations must be implemented by local decisionmakers with citizen support. Without decisive and coordinated action by the cities and the County, the housing future is bleak for a rapidly growing number of the County's residents.

---

\*See Attachment A for memorandum describing the topics suggested for Task Force consideration.

Many individuals directly involved in various aspects of housing spoke with the Task Force and offered insights into the problems confronting the County, as well as possible solutions. The Task Force extends its thanks to these individuals:

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The Task Force wishes to thank the following Santa Clara County Planning Department staff without whom the production of this report would not have been possible:

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William Stubbee	"
Sally West	"
Rosemary Zotta	Task Force Clerical Support
Conrad Quellette	Graphic Artist



## PERSPECTIVE

The housing problem is immense and growing.

Over the past four years, a dramatic increase in the cost of shelter relative to the household budget has affected almost everyone, but especially those who did not previously own their residence. Building materials, labor and finance costs have been major contributors to the nationwide increase in the cost of housing. Strong, locally stimulated demand, coupled with a reduction of residential land, insufficient new residential construction and a consequent shortage of housing units, are the major reasons for the extreme increase in the cost of housing in Santa Clara County. Local government policies materially affected land availability, land improvements and taxes and fees which contributed one-third of the increased cost of new housing in this area from 1968-1976. Local land use plans and practices which strongly encourage industrial expansion and severely restrict the housing supply have indirectly led to windfall profit increases in the cost of housing, which if added to the one-third increase noted above have accounted for approximately one-half of the cost increase.

Taken together, the land use policies of local governments, including the County, have resulted in a severe imbalance between jobs and housing. In fact, today, 50,000 people employed in the county cannot live here, due to the shortage in housing. The projections for industrial expansion indicate that from 100,000 to 150,000 or more additional jobs will be added in the county over the next 13 years. This will push the total number of people working in this county but unable to live here as high as 100,000 or more. There is also a serious imbalance between jobs and housing among parts of the county. Industrial growth not matched by new housing has been most pronounced in the northwest part of the county in the cities of Palo Alto, Mountain View, Sunnyvale, Santa Clara and Cupertino. Growth trends and projections point to continued rapid industrial expansion in this area with housing for present and future workers being built far from these jobs.

Under the direction of current local plans and policies for economic development and land use, this countywide problem will only escalate. If the local plans are built out according to the land uses now designated, the county will double the number of jobs and yet be able to increase housing by only one-third. Such poor planning would leave 325,000 persons employed in Santa Clara County without the possibility of shelter in the county at any price.



The public and private costs resulting from the growing imbalance between jobs and housing will increase in a variety of ways that will affect everyone living and/or working in the county; for every house seeker, the price of housing in the county will go significantly higher; for the non-resident job holder, the cost of housing in neighboring counties will increase and the rising cost of commuting will add significantly to personal and family budgets. For those persons fortunate enough to be able to afford to live in Santa Clara County, there will be an increase in taxes due to schools not located where school age children have to live, increased transportation demand, and urban service expansion.

Environmental and social aspects of the quality of life in this area will also deteriorate. Auto emissions from longer work trips will increase air pollution. Demand-induced increases in the cost of shelter will force senior citizens and the young out of their present communities. These dislocations will, in turn, require costly public effort at pollution control, crime control and increased social services.

It is the first and inescapable conclusion of the Task Force that land use planning countywide urgently needs review, and that industrial expansion, rather than being encouraged, needs to be curtailed.

The Task Force is painfully aware that this conclusion directly opposes the strong momentum of existing city policies. It is further recognized that most city councilpersons find themselves confronted by local political and fiscal problems which makes it difficult to address these countywide problems directly or immediately. Thus, the Task Force has sought, through its recommendations, to set in motion a process by which needed and constructive change may occur before the full impacts hit the taxpayers and other residents of the county. This process should result in governmental policies which allow industrial expansion sufficient for local economic well-being without detrimental effect upon social or environmental quality.

To initiate this process, immediate needs must be recognized; and possible, if difficult, actions must be initiated by local governments and others. The most important immediate need for change within this range is to increase significantly the supply of housing in order to balance the current demand and to keep up with the increased flow of job holders coming into the county. Even if industrial expansion were scaled down to a manageable level, there would still exist a startling housing deficit and the supply of housing would have to be increased by about 12,000 to 15,000 units per year for the next decade merely to reach a projected balance.



Producing many housing units, by itself, will not solve the problem. The location and nature of the increased supply is critical. The most overwhelming demand today exists within the northwest county cities of Palo Alto, Mountain View, Sunnyvale, Santa Clara, and Cupertino. While it now provides much of the housing for workers in these cities, San Jose's current aggressive industrial growth policies indicate it too will account for much of the near future increased demand for housing.

To put the increased supply of housing in the south county area would only contribute to the current, rapid drift toward unabated sprawl, with its attendant traffic congestion, environmental deterioration and the increased resident costs in both money and time in commuting longer and longer distances from home to work.

The average wage earner, who cannot afford housing near his or her job in Santa Clara County also cannot afford the price of the lowest cost new single family home, even if built in the south county where land costs are lower. To address the problem fully and directly, the bulk of the needed new housing supply must be other than single family housing and must be built in the northwest county cities and in San Jose near the employment centers of the county.

Since there are sparse amounts of land available for an increase in residential supply, and the land is expensive in the northwest county cities, a more intensive use of the land in existing commercial and industrial areas and rezoning for multiple unit residential use in certain areas is the best and most practical way to increase the housing supply in the job-rich areas without violating the existing densities and life styles of the established single family neighborhoods.

New single family homes are too expensive for most households. In addition, single family developments on large vacant parcels anywhere in the county should be discouraged because they use the land profligately and increase urban service expenses and commute costs. Higher density multiple units avoid these problems by using air space, thereby lowering land cost per unit and increasing the feasibility of public transit. The Task Force also believes that, unlike single family residential developments, the fiscal effect of multi-family land use through infilling will be positive.

The private sector is now inhibited from this type of development by numerous government policies. Changes are needed to promote higher density multi-family housing in appropriate locations. The Task Force judges that there is sufficient demand to attract adequate investment capital to meet housing supply needs, if certain government policies are amended and others

fashioned to attract the private sector into building in consonance with public well being.

The Task Force realizes, however, that the private sector cannot meet all the housing needs of Santa Clara County. There are more than 68,000 households in Santa Clara County needing housing assistance. As housing costs escalate, the county is becoming geographically divided between rich and poor.

The private sector has not met the housing needs of lower income residents. In order to find adequate affordable housing, these households, who constitute a major portion of our working population, are forced to relocate in areas farther removed from their place of employment. This has only compounded their financial problems by forcing them to spend a larger portion of their budget on transportation and related costs. It is the conclusion of the Task Force that government must act and become more involved in providing housing opportunities for low/moderate income households.

Housing discrimination, although illegal, continues to exist in Santa Clara County. There are several public and private agencies in the county organized to investigate complaints of discriminatory practices and to seek remedies. The results of their efforts, however, have been limited due to lack of personnel, financial commitment and public awareness and concern.

A permanent and equitable solution to the housing situation in Santa Clara County is impossible as long as discrimination continues to exist. Therefore, eliminating any form of housing discrimination must be a high governmental priority in Santa Clara County. The Task Force strongly urges that the Board of Supervisors and city councils take immediate steps to implement programs aimed at ending discriminatory practices within their jurisdictions. Many of them, including the County, have been urged to take action in the past but have not yet effectively implemented action programs designed to end discrimination. Governments and private groups must join to seek cooperative solutions to this countywide problem. Furthermore, the County should be prepared to use every available means, including court action, to achieve this goal.

Many Santa Clara County residents are housed in inadequate crowded and often dangerous housing units. Tenants' requests to repair damages, fix malfunctions, or to install new fixtures are often unmet. Many tenants are unaware of agencies which may help them in pursuing their requests. Likewise, landlords often need assistance to better serve their tenants or to aid them in dealing with unruly tenants. Some housing services now exist in the county; however, most are financially limited.



Unfortunately, the demand for these services far outstrips the ability of the responsible organizations or the willingness of local governments to provide such assistance. In addition, there is evidence indicating a need for coordination of efforts. The logical choice appears to be the County government. The County currently provides health care and income assistance to county residents. The provision and funding of housing services to aid people in meeting their basic shelter needs should also be a primary County responsibility.

The existing housing supply has often been considered as the major source of affordable housing for low and moderate income households. However, practices such as redlining have contributed to housing decay in certain areas where lenders are reluctant to make "risky" mortgage and improvement loans. Strict code enforcement has often led to abandonment or expensive rehabilitation projects which force rents beyond the reach of low income persons. Thus, older housing is often no longer available for lower income households. The Task Force sees the need for preservation programs which will not only upgrade existing housing units, but will ensure that these units remain available for low income households.

The County government must take immediate action to meet these immense and growing housing needs. A major and ongoing effort must be initiated to make adequate and affordable housing available to all residents and workers in the county. Housing must become a top priority of the County and the cities.

#### PRIORITIES FOR ACTION

The Task Force has therefore proposed a set of recommended housing goals, objectives and policies and 41 specific recommendations for Santa Clara County and its cities to undertake immediately.

There is not enough housing for the number of jobs in the northwest area of the county, and it is projected that San Jose will add to that imbalance. The Task Force has recommended a series of actions which would spur intensification of land use for additional housing. Air space in the commercial areas in the cities of Palo Alto, Mountain View, Sunnyvale, Cupertino, Santa Clara, and San Jose and vacant and built-up industrial parks in each of these cities contain more than sufficient space to accommodate housing. Because of land cost savings, better housing can be built at significantly lower costs. Transit use would be enhanced and existing single family neighborhoods will retain their integrity.

The Task Force has also recommended the establishment of an Industrial Growth Management Committee to address questions relative to the amount, nature and location of industrial growth. Its purpose would be to recommend actions to achieve appropriate balance among jobs, housing, social life, and the environment.

The majority of the households in Santa Clara County cannot attain adequate housing at an affordable cost. For these households, the Task Force has recommended a variety of actions designed to stimulate greater development of needed housing, while promoting economic integration and providing a wider variety of available locations. All levels of government are asked to fund housing programs adequately. Local government should give special attention to landbanking. A Housing Development Corporation, a Housing Purchase Corporation, and a Committee for Public Housing Referenda are also proposed to carry out some of the needed actions on a public but non-governmental level.

Preservation of older housing is also important to the overall supply, but it is essential that rehabilitation not constrict the supply of lower income housing.

A Housing Service Program is also proposed to provide assistance countywide to victims of discrimination, to provide information and mediation for landlords and tenants, to assist low income persons with home ownership problems, and to provide ongoing information for officials and citizens about changes in various aspects of local housing problems.

County advocacy of these objectives at other levels of government is vital. The County must also monitor the progress being made in housing provision, seek greater funding, and work to assure compliance with housing laws.

Finally, to focus and catalyze these efforts, the Task Force recommends that the Board of Supervisors create a County Housing Agency, to be responsible to the Board through the County Executive; and that the Agency include a Housing Commission.

The housing problem is serious and pervasive. Without the full cooperation of the cities, the determination of the Board of Supervisors, the active participation of the private sector, and the daily, careful guidance by the proposed Housing Agency, these recommendations will have little or no effect, and the major social and economic problems which have beset other metropolitan centers will also engulf Santa Clara County.



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# PART ONE

## PROBLEM STATEMENT





## INTRODUCTION

The people of Santa Clara County face a housing crisis. Reasonably affordable housing adequate to meet the needs of a large segment of the population is unavailable. The young, the old, and the poor are hardest hit, but everyone feels the effects in one way or another. Most county residents who own their homes could not afford to purchase them at today's inflated prices. This means that their children will have to accept much less in the way of housing if they are to remain in the county. It also means that many of today's current homeowners will not be able to remain in their homes after retirement.

### Problems

Four major problems confront people in the present housing market.

1. A substantial part of the population has to pay too large a part of their income for housing. Housing costs have grown much more rapidly than household incomes in the past five years. The greatly increased cost of other necessities, such as food and energy, has added to the strain on family budgets.
2. Many people simply cannot afford any adequate housing in this county. They are now forced to accept substandard or overcrowded housing conditions or must live out of the county.
3. Many people cannot obtain housing located reasonably near their places of work. These people face long daily work trips and rising commute costs. The community is burdened with continued automobile-based air pollution.
4. Many people continue to suffer the harm and indignity of discrimination which still exists on a large scale in Santa Clara County.

### Causes

The present housing crisis has been caused by a variety of factors. The major causes identified by the Task Force are listed below and discussed in greater detail in the body of the problem statement.

1. Rapid economic and employment growth in the county with a very rapid income increase for some households and a growing disparity in household incomes.
2. A large increase in the number of households seeking shelter, including many more young adults and more single-person and split households.
3. A diminishing supply of vacant land zoned and available for housing, particularly near employment centers.
4. A greater demand for housing in Santa Clara County than supply, which, among other things, causes a panic to buy and attracts speculators seeking windfall profits from mounting housing prices.
5. Very rapid home price increases which have not been matched by income gains for most.
6. Rapid increase in the cost of living in a house or apartment.
7. Increases in land cost, construction cost and profit margin for housing.
8. The low priority placed on housing by local, state and federal governments and consequent lack of substantial, effective public efforts and subsidies to address housing problems.



## I. ANALYSIS OF JOBS AND HOUSING IMBALANCE

While the causes of the present housing crisis are many and varied, the failure of the market to provide additional housing units in areas close to new employment is basic and has induced many subsidiary problems.

### A. RAPID ECONOMIC AND EMPLOYMENT GROWTH

During the past 25 years, Santa Clara County has experienced rapid and sustained economic and employment growth. In part, this has been due to the attraction of the area as a place to live, with its mild climate, natural beauty, and plentiful supply of inexpensive land for housing; and, in part, to the concentration of industry itself. Employment growth has begun to reduce these attractive factors as the supply of buildable land has diminished, environmental quality has deteriorated, and affordable housing is in ever shorter supply. This rapid growth itself has been a major cause of the crisis.

#### 1. Rapid Industrial/Manufacturing Job Growth

Economic and employment growth is likely to continue. The most sophisticated growth projections now available for the Bay Area forecast an increase of between 56,000 and 84,000 manufacturing jobs in this county between 1975 and 1990.\* These figures were prepared by the Association of Bay Area Governments and are based on general economic trends, prospects for the types of industry locating in this county, and the land use policies of local governments. These figures represent more than two-fifths (43-45%) of the industrial growth projected for all the nine Bay Area counties. Santa Clara County is projected to absorb only 25-31% of the housing units in this fifteen-year period. Nearly one-half of this growth in manufacturing is forecast to occur in the already highly industrialized cities of Santa Clara, Sunnyvale, Mountain View, and Palo Alto. San Jose, Milpitas, and Cupertino will absorb most other manufacturing jobs between 1975 and 1990.

This projected growth is not inevitable. Economic conditions could change; local policies could be amended. The high costs of housing itself may work to block projected growth.

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\*Unless otherwise noted, all figures cited here are from Association of Bay Area Governments (ABAG), Provisional Series III Projections, published in March, 1977, Base Cases 1 and 2.

However, trends to date not only support the projected rate of employment growth; they indicate an even higher rate. Between June, 1975, and June, 1977, the county's manufacturing employment increased by 18,000 jobs.\* At this rate, the county would add 135,000 industrial jobs by 1990. If the projected industrial growth does occur, many of the jobs will be skilled, high paying jobs which are unavailable to less skilled unemployed or underemployed persons now resident in the county. This will cause the demand for housing to continue to increase in this area as more and more people move here to take new jobs. Higher housing costs will result. County residents and workers whose present income is not high or increasing rapidly will be hurt the most by these cost increases. Without a severe reduction in the projected employment increases, there is no practical way the housing crisis in the county can be substantially resolved.

The addition of housing sufficient to meet the needs of incommuting workers could be accomplished if residential uses were added to areas now accommodating commerce (in these areas). This policy shift could overcome two negative effects of loss of commerce now being felt: (1) Based on 1975 sales tax revenues and using the ABAG estimate of 50,000 people working here but living and shopping outside the county, the present annual sales tax revenue loss is \$4,298,531 for cities and an additional loss of \$2,149,265 for the County Transit District. The indirect loss of other state revenues which are allocated on the basis of local sales tax revenue is even greater. By 1990, the tax loss figures could climb as high as \$11,177,660 and \$5,588,830, respectively, if the projected net incommute increases to 130,000 workers. (2) Many lost commercial jobs would be filled by people with relatively low skill levels. If these jobs locate out of the area, the local unemployment rate is unaffected by the employment expansion and county-related social service costs remain at unnecessarily high current levels.

Bay Area-wide, it is expected that each manufacturing job will generate one and one-fifth additional jobs in the commercial and other local serving sectors of the economy. In the northwest subarea of Santa Clara County, there will be only three-fifths of a support job created for each manufacturing job. The commercial and local serving jobs generated will be added outside of this area near where the housing for workers in this part of the county will be located. From 1975 to 1990, Santa Clara County is expected to receive 38 percent of the Bay Area's

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\* San Jose Labor Market Bulletin, California Employment Development Department



total employment increase. Yet, only 25 percent of new housing for the Bay Area is expected to be located in Santa Clara County.

## B. HOUSING DEMAND EXCEEDS SUPPLY

### 1. Diminishing Residential Land Supply

An examination of changes in the amount of housing that can be accommodated by the General Plans of Santa Clara County and its fifteen cities from 1965 to 1975 clearly shows that providing adequate housing for people working in their cities has not been the top priority of local governments during that decade. Data compiled by the County Planning Department shows that the total number of housing units that could be accommodated at buildout by local general plans fell from 978,000 in 1965 to 561,000 in 1975--a decrease in capacity of 417,000 housing units.

This drop in planned housing capacity has resulted primarily from widespread zoning changes from residential to industrial and downzoning from multi-family to single family land density. It reflects increased local concern with fiscal and neighborhood environmental impacts of residential growth and a consequent desire to manage this growth and its demand for additional urban services. This focus by local governments on residential growth management has drastically reduced the amount of housing which can be produced. Because of these trends, the residential development taking place has been a profligate consumer of land. From 1966 to 1975, roughly 17,000 acres were subdivided to create 75,000 lots for single family housing, a density of 4.7 lots per acre.

Low density zoning in urban areas is a primary cause of the short supply of housing. There has been a lack of effective governmental action to promote the development of multi-family housing in existing urban areas. Intensified residential land use would provide lower cost housing and would preserve many of the desirable environmental qualities of the county.

This trend toward residential growth management has not been matched by management of the county's economic expansion.

While space for housing has been greatly reduced in the refinement of local general plans, the capacity of plans to accommodate more jobs has actually increased. This is due to an increase in the total industrial land supply and to the trend in new high technology concerns to place more jobs on a given acre of industrial land. Average industrial jobs per acre has

intensified from 20 in 1965 to 30 to 35 in 1975, although the precise number varies from city to city. If present growth rates continue, the supply of vacant land zoned residential will be exhausted well before 1990, while there is enough vacant land zoned industrial to last until 2020. A detailed picture of projected changes in population, housing, and employment on a city-by-city basis can be found on Chart 10 on page 126.

Chart 1 on page 7 shows the projected changes in employment, housing units, resident workers, and population for subareas of the county. From this chart, it can be seen that employment is expected to increase much faster than housing in all but the south county subarea.

According to the Santa Clara County General Plan Buildout Report, the present plans of the County and its fifteen cities show a capacity to hold 169,000 more housing units and 503,000 more jobs on presently vacant land. This 102% increase in employment compared to an only 43% increase in housing would result in an increased net incommute to Santa Clara County from 50,000 workers in 1975 to 325,000 workers at buildout, a 550% increase! This figure is close to two times the daily net incommute of 168,000 experienced by San Francisco in 1975. It demonstrates the magnitude of the conflict within existing adopted city plans for jobs and housing.

These constraints on the amount of housing that can be accommodated by local plans relative to the number of jobs point to a continued squeeze on housing as long as rapid economic development proceeds and plans are not amended.

ABAG projections place countywide job growth at approximately 205,000 between 1975 and 1990. During this time between 145,000 and 183,000 new housing units are expected to be added to the existing stock. Combined with changing population characteristics, this will have the result that a total of 80,000 to 130,000 people working in this county will have to seek housing in other counties.

The three counties likely to receive these refugees from the local housing market are San Mateo, which has very high home prices and little room left for urban expansion; Santa Cruz, which is far from job centers in this county and is increasingly difficult to reach because of congestion on Highway 17; and Alameda, which is also distant, and a more and more unwilling recipient of people seeking lower priced housing from the south Bay Area. This is reflected in the recent efforts of the City of Fremont to attract more industrial growth to offset residential development.

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\*Santa Clara County Planning Department, 1977 General Plan Buildout Report.



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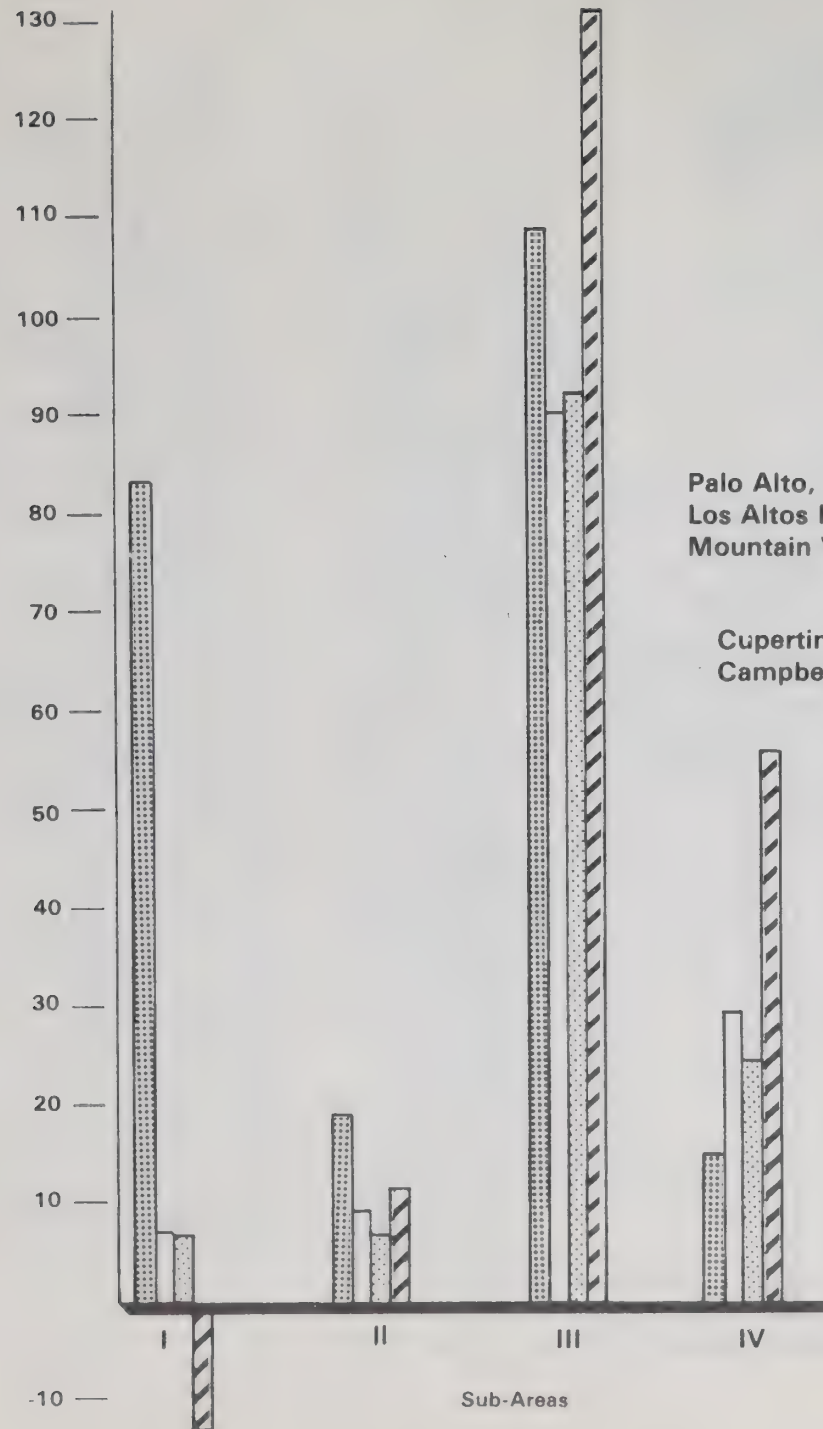


CHART 1

PROJECTED CHANGES IN  
EMPLOYMENT, HOUSING UNITS,  
RESIDENT WORKERS AND POPULATION  
FOR SUB-AREAS OF  
SANTA CLARA COUNTY,  
1975 - 1990

Palo Alto, Los Altos,  
Los Altos Hills, Sunnyvale,  
Mountain View, Santa Clara

Cupertino, Saratoga,  
Campbell, Monte Sereno,  
Los Gatos

SUB-AREAS:



San Jose, Milpitas

Morgan Hill, Gilroy

Employment  
Housing Units  
Resident Workers  
Population

Source: ABAG Series 3 Projections

## 2. Subarea Imbalance

The subarea picture is even more informative. Chart 2 on page 9 illustrates the projected housing market situation for subareas of the county.\* In the northwest subarea of the county, ABAG projections show a massive deficit of housing being supplied compared to demand being generated: between 1975 and 1990, 64,000 new jobs will be created, compared to only 7,000 new housing units. Even in the subarea comprised of San Jose and Milpitas, which is projected to add 90,000 housing units in this period, there will still be a deficit due to the projected employment increase of 109,000. The west subarea will also have a substantial housing deficit in that time period. Only in the south county cities of Morgan Hill and Gilroy will more housing be produced than would be required to meet demand generated by job growth.

## 3. Impacts of Changing Population Characteristics

The increasing demand for housing is also being generated by changes in age and life style of people living in Santa Clara County. The population is maturing; more retired households live here.

There are a very large number of young adults in the 20-30 age range forming households. There are many more single adults who choose to occupy their own home or apartment. The birth rate is down; divorces are up; and families are smaller in size. Overall, the number of people occupying each housing unit is dropping. This means more units are needed to house the same number of people. This trend is clear in 1970 and 1975 census data. While total county population increased by less than one-tenth (104,292 or 9.8%), the number of households jumped by more than one-fifth (69,531 or 21.5%).

## C. COST OF TRANSPORTATION--PUBLIC AND PRIVATE

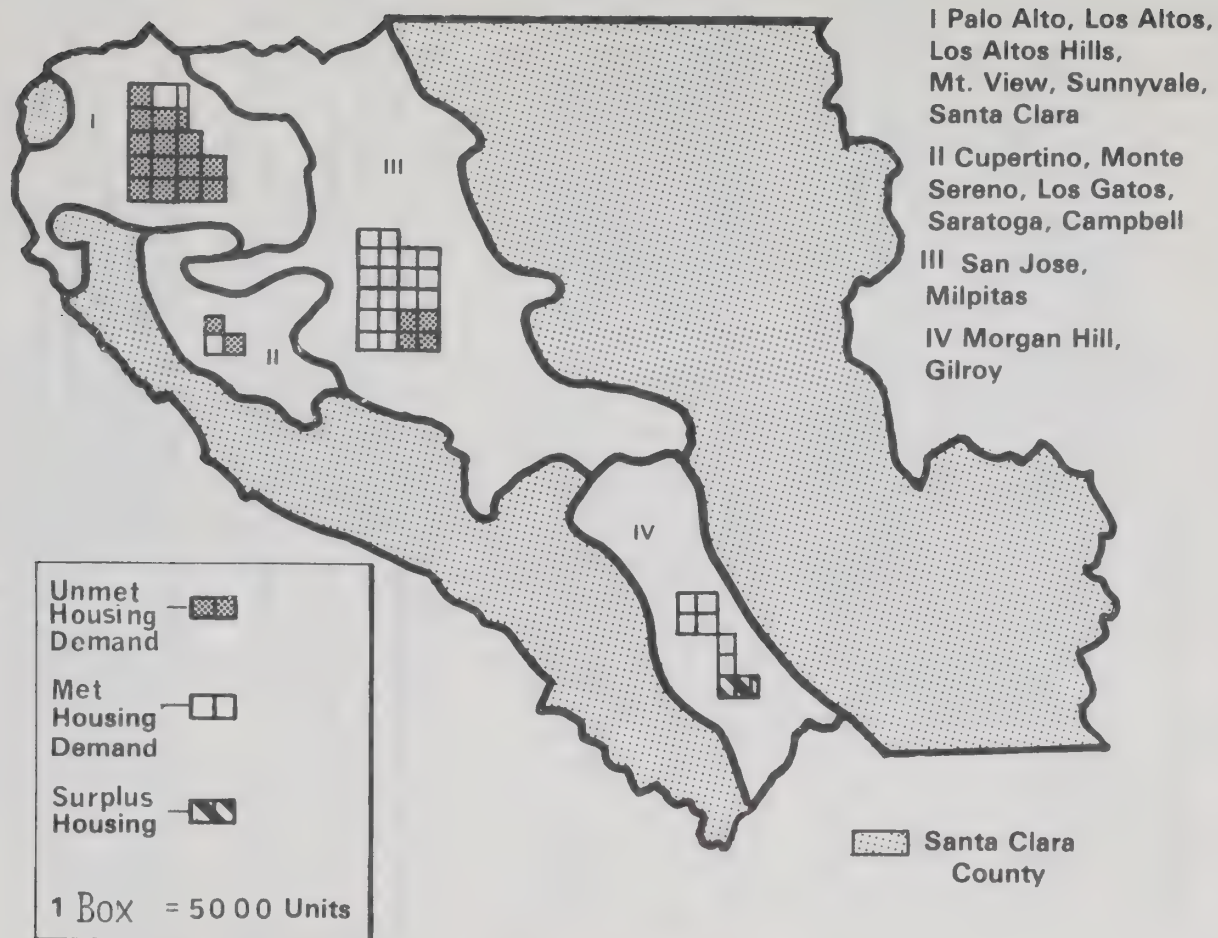
The costs of transportation, especially the journey-to-work, will claim a larger and larger portion of county residents' paychecks in the coming years. This increased outlay will result from inflationary factors and the long commute trip lengths caused by the jobs/housing imbalance. Continuing commute cost increases will hurt workers seeking housing in two ways: (1) continuation of the current land use imbalance

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\*The county has been divided into four subareas for this analysis. The four subareas are northwest (Palo Alto, Mountain View, Sunnyvale, Santa Clara, Los Altos, and Los Altos Hills), central (San Jose and Milpitas), west (Cupertino, Campbell, Saratoga, Los Gatos, and Monte Sereno) and south (Morgan Hill and Gilroy). See map on Chart 1, page 7.

## CHART 2

### PROJECTED HOUSING SUPPLY AND DEMAND BY SUB-AREA, SANTA CLARA COUNTY, 1975 - 1990



\*Based on the assumption that sufficient housing should be supplied so that all workers can live near their place of work.

Source: ABAG Series 3 Projections



will fuel the housing crisis by putting a premium on housing near places of employment; (2) as commute costs increase, the amount of income available for shelter and other household costs will decrease. Living near work may become a necessity for many middle and lower income workers in the near future.

### 1. Private Costs--Commuting

The journey-to-work accounts for approximately 35-40% of all miles traveled daily within the county. By 1990, work trips will account for more than 50% of all daily miles traveled.\* Presently, the average two-way commute trip length for people\*\* who both live and work within Santa Clara County is 15 miles. The average\*\*\* cost of this commute is \$6.25 per day or \$137.50 per month. This figure does not include the roughly 100,000 commuters who cross the county line in their daily commute. Most of these people face a much longer commute; they would raise the present average two-way commute to about 22 miles.

The Santa Clara County Transportation Agency has estimated that the average round trip commute for trips beginning and ending within the county will increase to 17 miles by 1990, if present land use trends continue. This increased average will be due to much longer average work trips for new entrants to the local work force and housing market. These workers will face, on the average, a 50% longer commute than the present average. Once again, the inter-county commuters will face an even longer commute.

Low and moderate income persons will be hardest hit by the projected longer commute trips if the present job and housing imbalance continues. As more north valley low/moderate income workers are forced to seek affordable housing in East San Jose, the south valley and out of the county, they will also be forced to commit a larger portion of their monthly income to commute costs.

All commute cost components are expected to increase. The California State Energy Commission projects a 15% increase in the price of gasoline compounded annually for an indefinite period of time. If this occurs, commuters can expect to pay more than \$1.00 for a gallon of unleaded gasoline within two years, and \$2.50 per gallon by 1985. Rising commute costs will consume a larger and larger portion of a worker's daily

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\*Santa Clara County Transportation Agency estimates.

\*\*County Transportation Agency memorandum, May 31, 1977.

\*\*\*Based on data compiled from California State Automobile Association, "Your Driving Costs," 1971-1977 and California State Energy Agency projection of gasoline cost increases. Gasoline, maintenance, insurance, depreciation, and other associated costs are all components of daily commute costs.

earnings, as shown by Table 1 below.

Another significant private cost of commuting which can be expected to increase substantially is time spent traveling. As distances grow and traffic becomes more congested, this will be a much greater cost for workers.

TABLE 1  
COST OF COMMUTE TRIP AS PERCENT OF  
MEDIAN INCOME BY LENGTH OF COMMUTE TRIP\*  
1977-1990

Year	Daily Cost		(22 Work Days Avg.) Monthly Cost		Monthly Median Income	% Income Used for Commuting	
	15 Mi.-22 Mi.		15 Mi. - 22 Mi.			15 Mi.-22 Mi.	
1977	\$ 6.25	\$ 6.94	\$137.50	\$152.68	\$1,468	9.4	10.4
1980	8.64	9.96	190.08	219.12	1,785	10.6	12.3
1985	15.02	17.36	330.44	381.48	2,472	13.4	15.4
1990	25.65	30.48	564.30	670.56	3,424	16.5	19.6

\*Daily cost figures represent an average of daily cost totals for subcompact, intermediate and standard automobiles. Projections established from AAA data consider improved mileage per gallon for automobiles over time.

Source: American Automobile Association, "Your Driving Costs," 1972, 1973, 1974, 1975 and 1977.

Note: Commute cost is defined to include fuel, maintenance, tires, insurance and depreciation, tax, license, and registration. In 1977, the fixed cost component (insurance, tax, license, registration and depreciation) accounted for approximately 86% of the total daily cost of the average 15-mile commute according to AAA data.

## 2. Public Costs

Total work trip miles traveled within Santa Clara County in 1976 amount to approximately 8 million. This figure includes both intra-county commuters and those commuting from other counties. By 1990, this total mileage is projected to increase by 62% to approximately 13 million miles.\* This massive increase in miles traveled will contribute a major share of future air and noise pollution in the county.

Although state and local plans show several major freeway construction or expansion projects to meet increased demand, road funds at both the state and the county level are now severely limited. Present plans and programs to meet commuter demand are limited and expensive. The county bus system is projected to increase by 200 vehicles to 516 vehicles by 1985. Even so, this system will still carry only 3% of the commuters.\*\* The extension of a BART-type rapid rail system into Santa Clara County to service commuter demands is an expensive proposition. Initial estimates have conservatively set the cost of Santa Clara County's share of a BART loop around the Bay at \$1 billion. Unless residential growth becomes more compact, extension of this type of heavy rail system would be a costly operation.

In summary, land use and transportation plans of local governments have not, to date, addressed the need either to balance jobs and housing, thereby giving people the future option of choosing to live near their work, or to provide a feasible transit alternative to the private automobile.

### D. EDUCATION COSTS OF IMBALANCE

Declining birth rates combined with the maturing of the resident population are resulting in much lower enrollment in most school districts in the county. This trend is likely to continue. There are only two-thirds as many children under 4 as between the ages of 10 and 14.

Declining enrollment is being felt most in areas where little new housing is being built. It is expected that by 1984, Palo Alto and Cupertino will have only one-half the public school students they had in the peak enrollment years of the 1960's. Enrollment in Palo Alto schools has fallen from 16,000 to 12,000 over the last 10 years; it is dropping at an annual rate of 450 students. This loss of enrollment is cutting the Palo Alto school budget by \$1,000,000 per year, causing the laying off of staff and the closing of schools.

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\*County Transportation Agency Memorandum, May 31, 1977

\*\*Santa Clara County Planning Department, Transportation, 1976



At the same time, school facilities in other parts of the county, where residential growth is still taking place, are overcrowded, and new facilities are being built. Taxpayers in the county are losing two ways: first, schools which are already built are being closed near many parents' place of employment; second, new school facilities are needed in growing parts of the county where parents can afford to live and are being funded with new tax dollars.

In response to the Serrano decision, with the passage of AB 65 into law, tax rates in the job-rich cities, which are closing schools, will not decrease. Further, in those cities where new schools are being built, taxes will undoubtedly have to increase. Much of this could be avoided with more balanced urban uses throughout the county. AB 65 is perhaps only the beginning of a trend toward tax revenue sharing to compensate for increased local government costs due to unbalanced planning.

## II. ANALYSIS OF THE HOUSING MARKET

In addition to job/housing imbalance, other factors have prevented many persons in the county from achieving their personal housing goals even when these goals would have appeared to be very modest a decade or two ago. A review of the ownership and rental housing markets and their impacts on particular consumers helps to establish action programs which can be most effective in resolving housing problems.

### A. THE OWNER'S MARKET

#### 1. Home Price Increase

Although home prices have risen significantly in all parts of the country, price increases in Santa Clara County have been higher than the national average. In the nation as a whole, the price of the median priced new home increased from \$23,400 to \$39,300 between 1970 and 1975, a 68 percent increase. In Santa Clara County, the price of the median priced new home increased even faster between 1970 and 1975, rising from \$23,800 to \$45,700. This is a 92 percent increase. Over the last year, home prices in the county have risen faster than in the state as a whole. Figures released by the California Association of Realtors show that home prices in the state increased 32 percent over the last year (\$47,000 to \$62,000). In Santa Clara County, prices rose 40 percent during the last year (\$52,500 to \$73,500, according to the San Jose Real Estate Board).

In part, the rapid home price increases have occurred because of the high demand generated by the job/housing imbalance previously mentioned. Another factor has been a strong wave of speculation. Over the last two years, many people have bought new houses with the expectation of selling them in a short while at an inflated price, since demand for housing has been high. It has been estimated that, at the height of the speculative boom, one out of every three new houses bought in the county was bought by someone who was not planning to occupy the house. The purchase of houses for speculative purposes further adds to the demand, constricts the supply of housing in an area, and helps to drive up the price of all housing at a rate faster than would occur under normal market conditions. The incidence of speculation in the county has also spurred many young households who would traditionally rent to accelerate their purchase, thus adding further to demand.

The year 1972 marked the turning point for the housing market in Santa Clara County. Starting then and continuing until the present, housing prices have gone in only one direction--up! The change in prices for new homes occupied in the county can be seen very clearly in Table 2 on page 16.

From Table 2, it can be seen that with just one exception, prices for new homes have risen every year since 1966. The price increases since 1972 have been substantial. Moreover, incomes have not kept pace with home price increases during this period. Between 1966 and 1971, the cost of the median priced new home increased from \$24,000 to \$24,300 (December quarters), a 1.7 percent increase. During this same period, the annual median household income in the county increased from \$9,394 to \$12,358, a 31.6 percent increase. During this period, the ability of households in the county to purchase housing increased. A majority of households in the county could afford to own and maintain the median priced new home. From 1971 to 1977, however, housing prices rose from \$24,300 to \$61,900, an increase of 151.4 percent, while the median income rose only 42.5 percent, from \$12,358 to \$17,610. This relationship is displayed graphically in Chart 3 on page 17.

Similar information about housing prices is presented in Chart 4 on page 18. This chart compares the average selling price, dollar increase, and percent increase for new and used homes sold in the San Jose Real Estate Board area from 1966 to 1977. The San Jose Real Estate Board serves the largest area of any real estate board in the county. In the past, existing homes were a source of housing for those households that could not afford new housing. As the demand for housing has increased, owners of existing homes have found that they can sell their houses for much larger amounts than they paid for them a short time ago. In fact, prices of existing housing are increasing as fast, or faster, than prices of new homes, eliminating this traditional source of lower cost housing.

## 2. Impact of Shelter Cost

The ability of households to afford housing in the county can be conceptualized by looking at the relationship between the cost of owning and maintaining a home (the cost of shelter) and income. Cost of shelter is defined to include mortgage principal, interest, property tax, insurance, and, sometimes, utilities and maintenance.

In the past, it has been considered affordable for a household to spend up to 25 percent of its gross monthly income for shelter. Expenditures of more than 25 percent were considered overpaying. In considering a household's ability to afford housing, lending institutions and landlords used this proportion as a guideline.



TABLE 2

MEDIAN PRICE OF NEW HOMES  
OCCUPIED IN SANTA CLARA COUNTY  
1966 - 1977 (JUNE QUARTER)

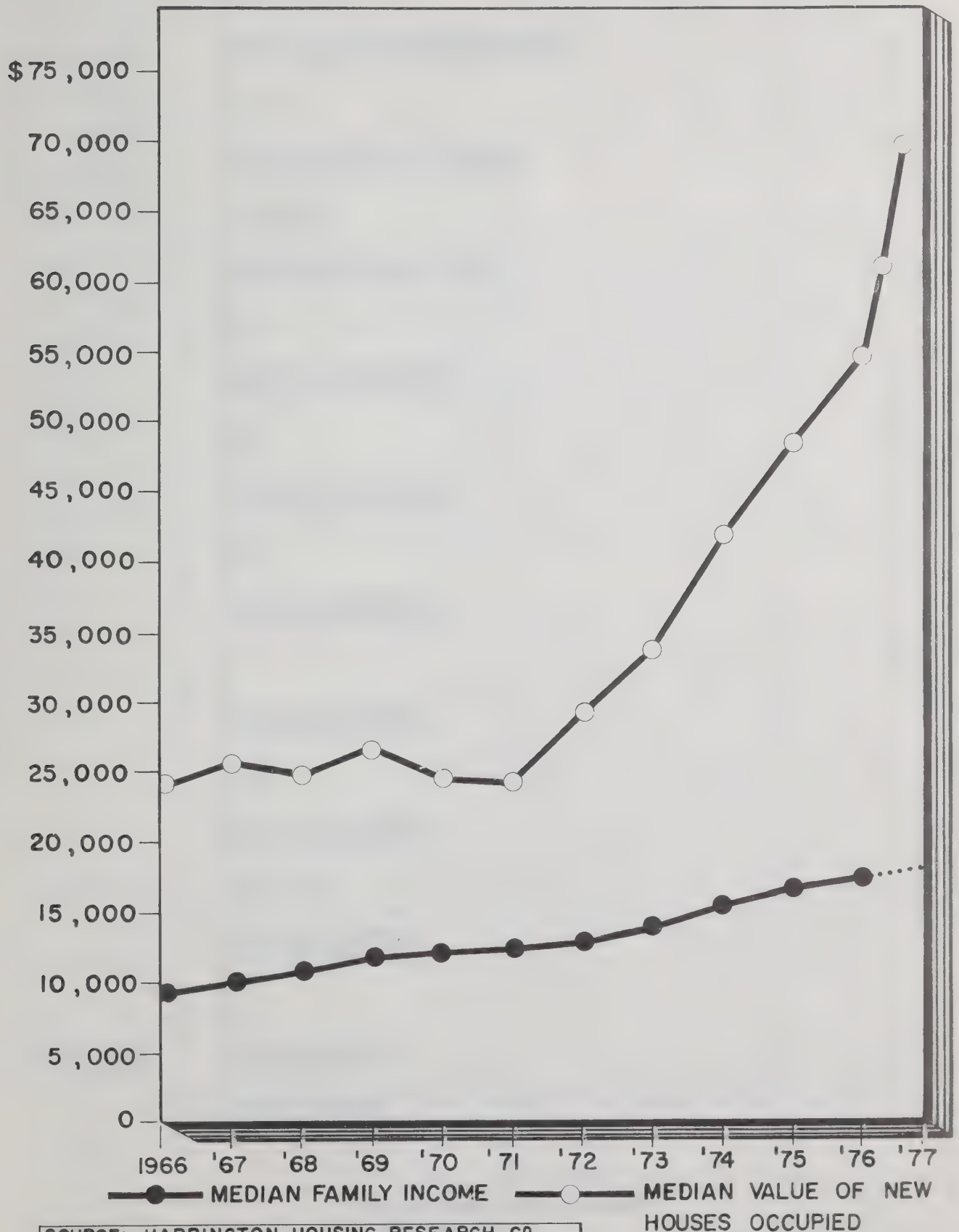
<u>Year</u>	<u>Median Price</u>	<u>Percent Change from Previous Year</u>
1966	\$ 23,200	--
1967	24,500	+ 5.6
1968	25,600	+ 4.5
1969	27,000	+ 5.5
1970	23,800	-11.9
1971	23,900	+ 0.4
1972	26,000	+ 8.8
1973	31,200	+20.0
1974	37,500	+20.2
1975	45,700	+21.9
1976	53,300	+16.6
1977	69,100	+29.6

Source: Harrington Housing Research Company

# CHART 3

## MEDIAN HOUSEHOLD INCOME AND MEDIAN VALUE OF NEW HOUSES OCCUPIED IN SANTA CLARA COUNTY

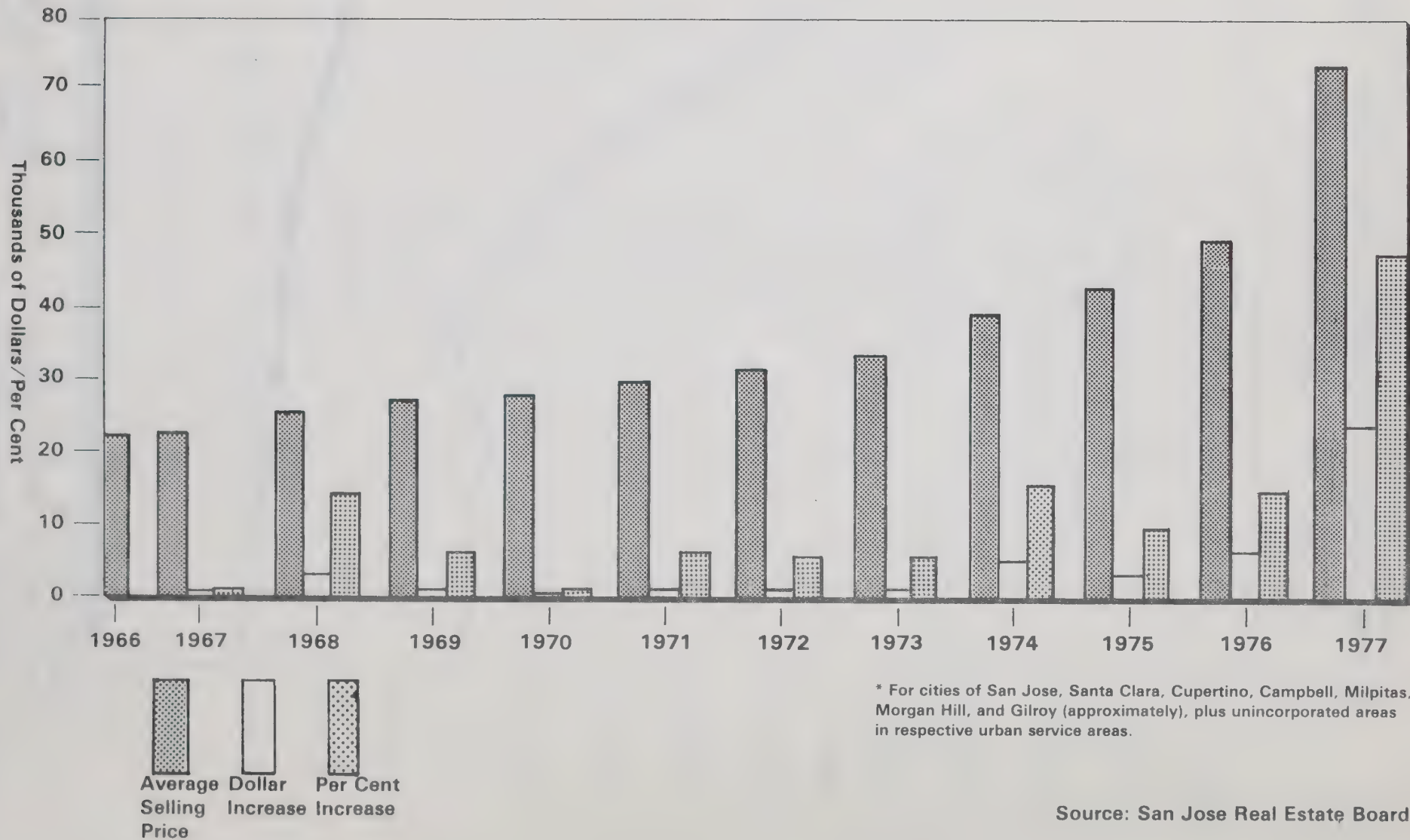
1966 - 1977 (DECEMBER QUARTER)



SOURCE: HARRINGTON HOUSING RESEARCH CO.  
SANTA CLARA COUNTY PLANNING DEPT.

# CHART 4

COMPARISON OF AVERAGE SELLING PRICE, DOLLAR INCREASE,  
AND PER CENT INCREASE FOR HOMES IN SANTA CLARA COUNTY,\*  
1966 - 1977 (June Quarters)





As the cost of housing in the county has spiraled, it has become necessary for households to spend as much as 30 or even 33 percent of their gross monthly income to pay for shelter. A number of lending institutions in the county were contacted concerning their home loan policies to potential home buyers. Most appear to be using the more lenient 30 to 33 percent figure in determining whether households can qualify for a mortgage loan. Most lending institutions are now counting a second wage earner's income in considering home loan eligibility when, in the past, this was not the case.

In Table 3 on page 21, the cost of shelter is given for the median priced new home sold in Santa Clara County over the years 1966-1977.\* Referring to Table 3, it is apparent that the cost of owning and maintaining a new home in the county has increased dramatically over the years, especially since 1972. As the cost of shelter has increased, the proportion of all households that can afford to own a new home has decreased markedly. From 1955 to 1975, the mortgage interest rate increased 84 percent, from 4.875 to 9.0 percent, and the amount of property tax paid on the median priced new home increased 341 percent, resulting in taxes thousands of dollars more than in the past. These two factors, along with the increase in the price of the house itself, have pushed the annual income level needed to qualify for homeownership to an all-time high point.

Those households that are spending 33 percent of their gross monthly incomes to pay for shelter are straining their ability to pay for other essentials. It should be remembered that the 33 percent figure for housing is based on gross earnings. After deducting at least an additional 10 to 25 percent for withholding of taxes, a worker has little left for food, clothing, transportation, and medical care. Those households at the low end of the income spectrum are especially hard put to make ends meet if they must pay a third of their gross earnings for shelter. The number of remaining needs to be met from gainfully earned dollars defines real hardship. The higher percentage of disposable income required to pay for housing also reduces the financial capacity of a family to handle misfortune. There are 196,200 households in the county earning less than the median income. A more detailed discussion of the effects of high shelter costs on these households can be found on page 34.

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\*Selling prices for the March quarter are used. Calculations are based on loan-to-value ratio of 0.85 in all years except 1977, where a 0.879 ratio was used. The cost of shelter amounts are based on an actual case in December, 1976, and extrapolations made from that case.

Despite the fact that home ownership costs have increased rapidly, there are still many advantages to owning a home. One of the biggest is the income tax deduction given on mortgage interest and property taxes paid. These deductions effectively reduce home payments by a percentage equal to the owner's tax bracket.\*

Another advantage of home ownership is that it is a form of investment. Appreciation in the value of this investment is almost a certainty. For many, their home is the only form of investment they can afford to make. A problem that has resulted from the rapidly rising home prices in this county is that the amount of the downpayment has also risen. A substantial number of people could afford to make the monthly payments involved in homeownership, but because they lack the ten to fifteen thousand dollars required as a downpayment (their "ticket" into the home ownership game), they are forced out of the market.

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\*Based on 1976 tax tables and laws, a typical family of four with an annual income of \$18,200 would owe \$2,174 in taxes at the end of the year. If that family owned the median priced home (valued at \$69,100 in June, 1977), they would have paid \$6,578 in property tax and interest on the mortgage in the first year of ownership. This amount could be deducted from the family's taxable income, and would reduce the amount of tax owed by 12 percent (the family's tax bracket). In this case, the reduction in tax owed would amount to \$847. In effect, then, the family's monthly shelter cost is reduced by one-twelfth that amount, or \$70.

Although it is unrealistic that a family earning \$18,200 would be able to purchase a house costing \$69,100 without substantial savings, this discussion shows how homeownership can allow a family to live in a more expensive home than it could without the tax break. It should be noted, however, that due to the progressive nature of the tax system, with taxes of up to 70 percent for the highest incomes, the savings resulting from homeownership would be much greater for high income families than for low income families. In this respect, the home ownership tax system is a regressive one, giving greater benefits to the rich than to the poor. Using the same \$69,100 house as an example, the tax savings for a household earning \$40,000 a year and owning a home would amount to \$3,070, or \$255 each month, over the \$40,000-a-year household that did not own. The state tax structure also provides larger deductions for homeowners with large incomes. This compounds the advantage for high income households.

The rapid increase in the number of two-income households is also reflected in the increase in the number of households making more than \$25,000 annually between 1969 and 1974. The number of high income households increased from about 21,000 in 1969 to about 62,000 in 1974, an increase of 41,000 or 200%! These high income households have contributed to the extreme upward pressure on home prices in all desirable residential areas.

TABLE 3

Monthly Cost of Shelter for Median Priced New Home Sold  
in Santa Clara County, 1966-1977 (March Quarter)

<u>Year</u>	<u>Monthly Cost of Shelter</u>	<u>Percent Change from Previous Year</u>
1966	\$ 241.54	--
1967	257.50	+ 6.6
1968	266.01	+ 3.3
1969	281.97	+ 6.0
1970	260.69	- 7.5
1971	266.01	+ 2.0
1972	261.75	- 1.6
1973	335.18	+28.1
1974	385.19	+14.9
1975	453.29	+17.7
1976	541.59	+19.5
1977	650.13	+20.0

Source: Santa Clara County Planning Department



## B. SUBAREA DIFFERENCES IN HOUSING MARKET

### 1. Job Growth and Home Price Increases

The number of jobs generated in an area is one of the chief determinants of how much housing will be needed. In the northwest county cities, where most of the employment in the county is located, housing is not nearly adequate to accommodate the demand generated by these jobs, and a tremendous imbalance has resulted. Conversely, south county will be supplying housing beyond that called for by demand generated from job growth. The job and housing imbalance in the northwest county has put great pressure on the south county to become a residential "bedroom community" for other parts of the county. The City of Milpitas already serves this purpose for workers commuting to the north for jobs, and will continue in this role, according to ABAG projections.

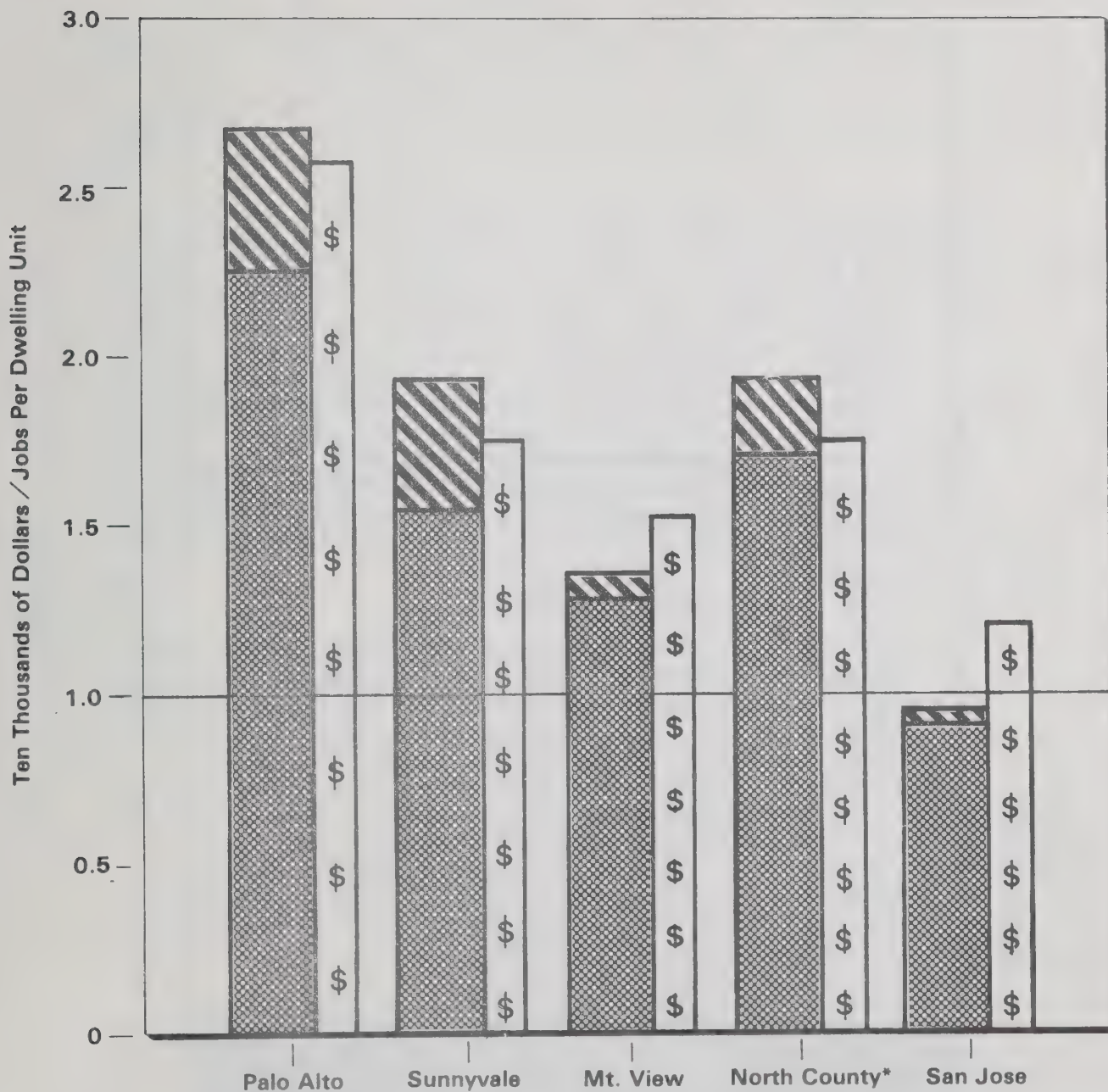
There appears to be a direct correlation between the rate of increase in housing prices and the imbalance of jobs and housing units. The number of jobs per dwelling unit in 1970 and 1975 and the dollar increase in home prices between 1970 and 1975 are displayed for three northwest county cities and San Jose in Chart 5 on page 23. From this chart, it can be seen that the average home price increase was greater in those cities where the ratio between jobs and dwelling units was higher. For example, in Palo Alto, the jobs per dwelling unit ratio in 1975 was 2.68; the price of the average home rose more than \$25,000 from 1970 to 1975. In San Jose, the jobs per dwelling unit ratio in 1975 was 0.95; the price of the average home increased \$12,000 between 1970 and 1975--this is less than one-half the increase in Palo Alto.

There are other factors which contribute to the large increase in home prices in subareas of the county. For example, Monte Sereno and Los Altos Hills have attractive rural settings that many people desire. However, the assertion that home price increases will be high in subareas of the county having high levels of employment and a restricted housing supply appears valid.

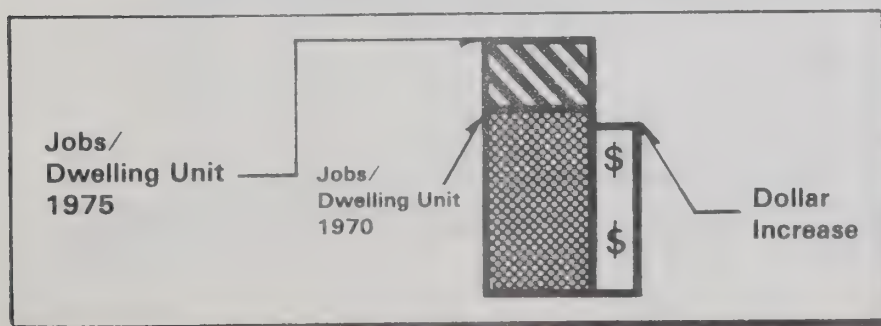
This differential in home prices will, over time, cause an increased segregation of the population of the county by income. Tens of thousands of low and moderate income households will be unable to find affordable housing in the areas where many jobs are being added. They will have to seek housing in the areas where home prices have increased least.

# CHART 5

## JOBS PER DWELLING UNIT, 1970 and 1975, AND DOLLAR INCREASE IN AVERAGE SELLING PRICE OF HOMES, BY CITY, SANTA CLARA COUNTY, 1970 - 1975



\* Equals average of  
Palo Alto, Sunnyvale  
and Mt. View



## 2. Subarea Differences in Ability to Afford Housing

In the cities which have provided the bulk of new jobs and housing units in the county over the past ten years, median incomes do not vary significantly; housing prices, however, do. In the northwest county cities, houses sell for substantially more than the median selling price for houses in the county as a whole. As a result, small percentages of households in these cities could afford to purchase their own homes at today's prices. These percentages have become smaller over the last few years as housing prices have jumped upward.

Using the 25 percent of gross monthly income figure, less than ten percent of all households in the county could afford the median priced new home in the county in March of 1977. Using the 33 percent figure, the picture is a little brighter, but not much. Countywide, only 27.4 percent of all households would pass an income test to purchase the median priced new home sold in the county in March of 1977. In the northwest county cities, where housing prices are significantly higher than the county median, even smaller percentages of households would be able to purchase homes. Chart 6 on page 25 illustrates the changes in percentages of households that could afford housing in their cities over the last seven years for two northwest county cities, San Jose and Santa Clara County.\*

### C. LAND AND CONSTRUCTION COSTS INCREASES

Housing cost can be broken down into its components, and each one can be analyzed to determine which housing production factors are contributing most to the price of new housing. By examining each component, one can determine what influences rising home prices the most. From this information, a means of limiting future home price increase can be developed. A study prepared by the Urban Land Institute by Gruen Gruen & Associates provided data over time on changing costs of construction components for a typical subdivision home of approximately 1500 square feet in San Jose. The sales price of the model home increased from \$22,250 to \$49,250 between 1968 and 1976.

Construction costs in 1968, 1972 and 1976 were used in this study. It is assumed that the component construction costs for the home in San Jose are an accurate representation of the changing component cost picture for the rest of the county.

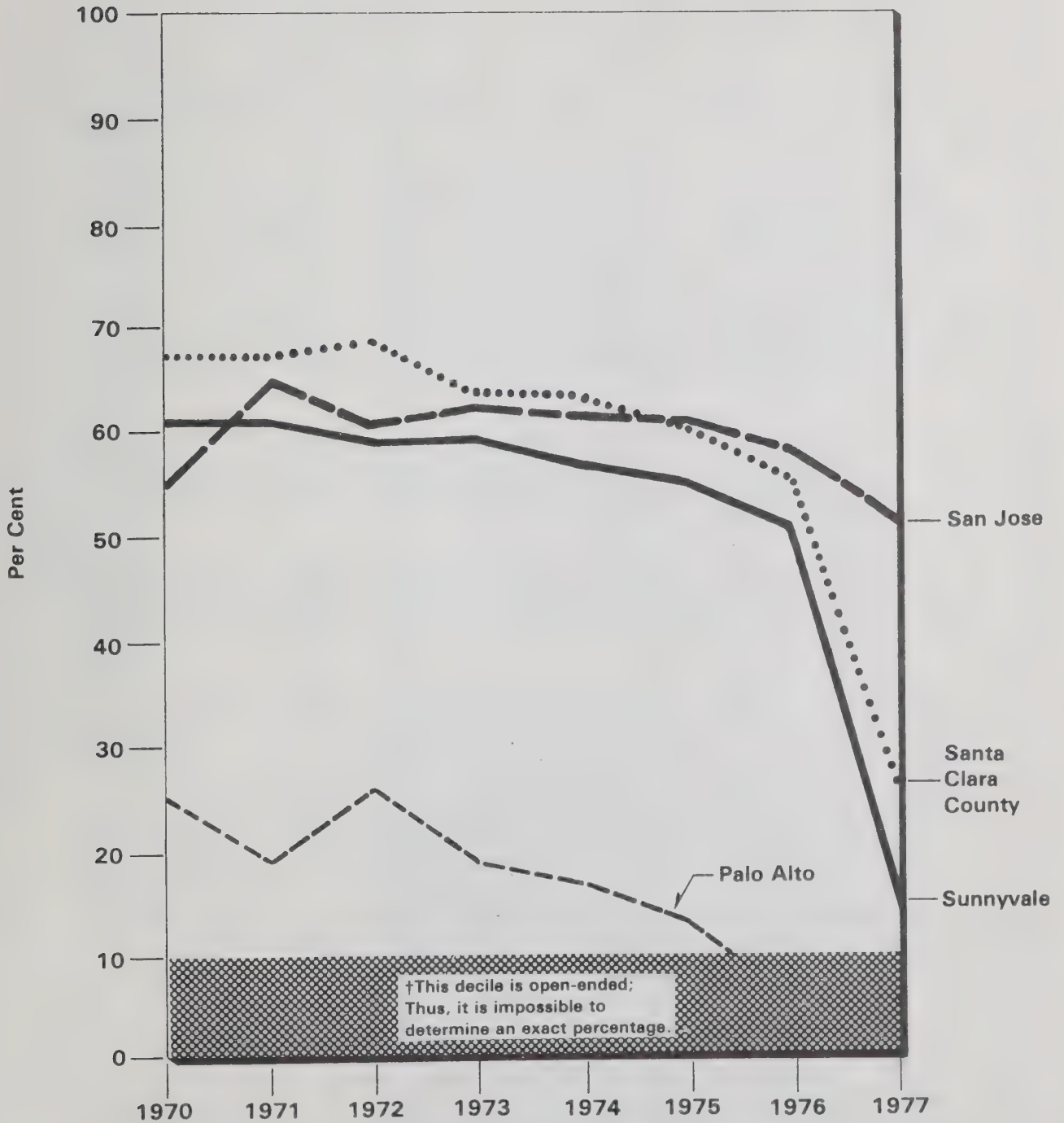
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\*Figures for cities in this chart were obtained by using incomes for individual cities as reported in the Santa Clara County 1975 Census and extrapolating for other years, by using income deciles for the county ('75 Census) and extrapolating for cities, (assuming uniform distribution within deciles), and by using selling price information on representative neighborhoods in each city. County sales price information came from the Harrington Housing Research Company.



# CHART 6

PER CENT OF HOUSEHOLDS ABLE TO PURCHASE  
 MEDIAN PRICED NEW HOME IN SANTA CLARA COUNTY  
 AND AVERAGE PRICED NEW OR USED HOME BY CITY,  
 SANTA CLARA COUNTY, 1970 - 1977\*



\*Assumes that households will spend up to 33 per cent of gross monthly income to pay for shelter

Source: Santa Clara County Planning Department

The cost of land during the eight-year period quoted in the study may not be typical of the entire county. For the northwest part of the county, particularly, these figures may be low. A large number of jobs, which generates great demand, and a small amount of vacant land in the northwest part of the county have caused land prices in this area to rise faster than in other parts of the county. The selling price of similar houses in different parts of the county vary because of differences in the cost of land. A complete display of changes in housing cost components may be found in Table 4 on page 27.

Materials, which include associated off-site labor costs, contribute significantly to total construction costs. Off-site labor costs are costs involved in obtaining raw materials such as lumber, or in the construction of materials before arriving on-site, as in cabinetry. Materials increased 12.9% in cost during the period 1968-1972, and 45.5% from 1972 to 1976. They accounted for 26.1% of the increase in the selling price of a new home.

Labor costs comprised all labor directly responsible for the construction of the house. A low 6.6% increase in costs occurred between 1968 and 1972. Labor costs increased 68.9% during the period between 1972 and 1976.

Holding costs include interest paid on financing of land purchase and construction, and property taxes. This component accounted for 5.4% of the increase in selling price of the dwelling units over the eight-year period.

Indirect costs are those which are not directly traced to either material costs or building trade labor costs. These may include general expenses and administrative costs. Closing costs relate to the sale of the house; real estate agent commissions; and buyer's closing costs absorbed by the builder, such as VA or FHA points, title insurance, transfer taxes, etc. The categories of indirect costs, closing costs, and other costs, taken together, increased 52.8% between 1968 and 1972. These components, between 1972 and 1976, showed an increase of 101.7%. The percentage of the rise in sales price of the dwelling unit from 1968 to 1976 attributable to these factors is 11.6%.

Taxes and fees are levied by cities and special districts. Public works, building, and planning departments have hook-up charges, inspection fees and review fees. Taxes are collected for services which the city or special district must provide. This production component decreased 12.7% between 1968 and 1972.

TABLE 4

INCREASES IN SALES PRICE AND PRICES OF NEW HOUSING COST COMPONENTS  
FOR TYPICAL SINGLE FAMILY HOME IN SAN JOSE, CALIFORNIA

	1968	1972	1976	% Change 68-72	% Change 72-76	% Change 68-76	Increase in Dollar Value- 1968-1976	Change in Cost as % of Change in Sales Price, 1968 to 1976	1977*
Home Sales Price	\$22,250	\$27,590	\$49,250	+25.6%	+76.2%	+121.3%	\$27,000		\$64,441
Materials	10,975	12,391	18,033	+12.9	+45.5	+64.3	7,058	26.1%	23,596
Labor	1,760	1,876	3,169	+ 6.6	+68.9	+80.1	1,409	5.2	4,146
Site Improvements	2,007	2,814	5,679	+40.2	+101.8	+183.0	3,672	13.6	7,431
Raw Land	2,221	3,073	5,973	+38.4	+94.4	+168.9	3,752	13.9	7,815
Land Holding Costs	210	336	801	+60.0	+138.4	+281.4	591	2.2	1,049
Capital & Financing for Construction	125	350	980	+180.0	+180.0	+684.0	855	3.2	1,282
Taxes & Fees	314	274	1,880	-12.7	+586.1	+498.7	1,566	5.8	2,460
Indirect/Closing & Other Costs	1,515	2,315	4,669	+52.8	+101.7	+208.2	3,154	11.6	6,109
Profit & Marketing	3,123	4,521	8,066	+44.8	+78.4	+158.3	4,943	18.3	10,554
TOTAL	\$22,250	\$27,950	\$49,250				\$27,000	99.9**	\$64,441

Source: Gruen Gruen & Associates, Effects of Regulation on Housing Costs:  
Two Case Studies

\*Data for this year was supplied by Appraisal Department, Bank of America, Monthly Cost Study

\*\*Items do not add to 100.0 percent due to rounding



The years, 1972 to 1976, experienced a cost rise of 586.1% for taxes and fees.\* However, these cost changes reflect only 5.8% of the increase in sales price over the eight-year period.

Site improvement (extension of water, sewer, and utility lines onto a lot; grading; filling; etc.) cost increases constituted 13.6% of the sales price increase of a new house. This component increased \$3,672 (183%) over the study period.

Raw land increased \$3,572 over the study period. This dollar increase was responsible for 13.9% of the increase in sales price for a new home. Taxes and fees, raw land costs and cost of improvements to land are all costs which local governmental decisions may materially affect. From the above figures, these contributed one-third (33.3%) to the increase in housing prices from 1968-1976.

Profit and marketing are the final components considered in total construction costs. Marketing costs include advertising and model home costs. For the purposes of the Gruen Study, the components of profit and marketing were not separated. In a tight housing market, marketing costs would be almost non-existent for the builder because of the ease with which completed units can be sold. The profit margin is relative to the excess of demand over supply. In recent years, the profit margin has soared because people would pay it. A more recent study published in California Builder demonstrated that builder's profit contributed most to the increase in cost of housing, for comparable houses between 1967 and 1977.\*\* According to this article, profits jumped from 9.1% to 21.6% of the total selling price of completed units.

Based on the information available for the study period, some components were proportionately larger contributors than others to the increase in sales price, as can be seen by referring to Chart 7 on page 29. All components, however, increased in cost dramatically during the eight-year study period. The most significant components contributing to the sales price increase between 1968 and 1976 were material costs (26.1%), profit and marketing expenses (18.3%) raw land prices (13.9%) and improvements for land (13.6%).

Other components, such as capital and financing costs for construction, increased in cost at a greater rate over the eight-year period than did improved land, materials, and profit and marketing components. The relative impact on change in

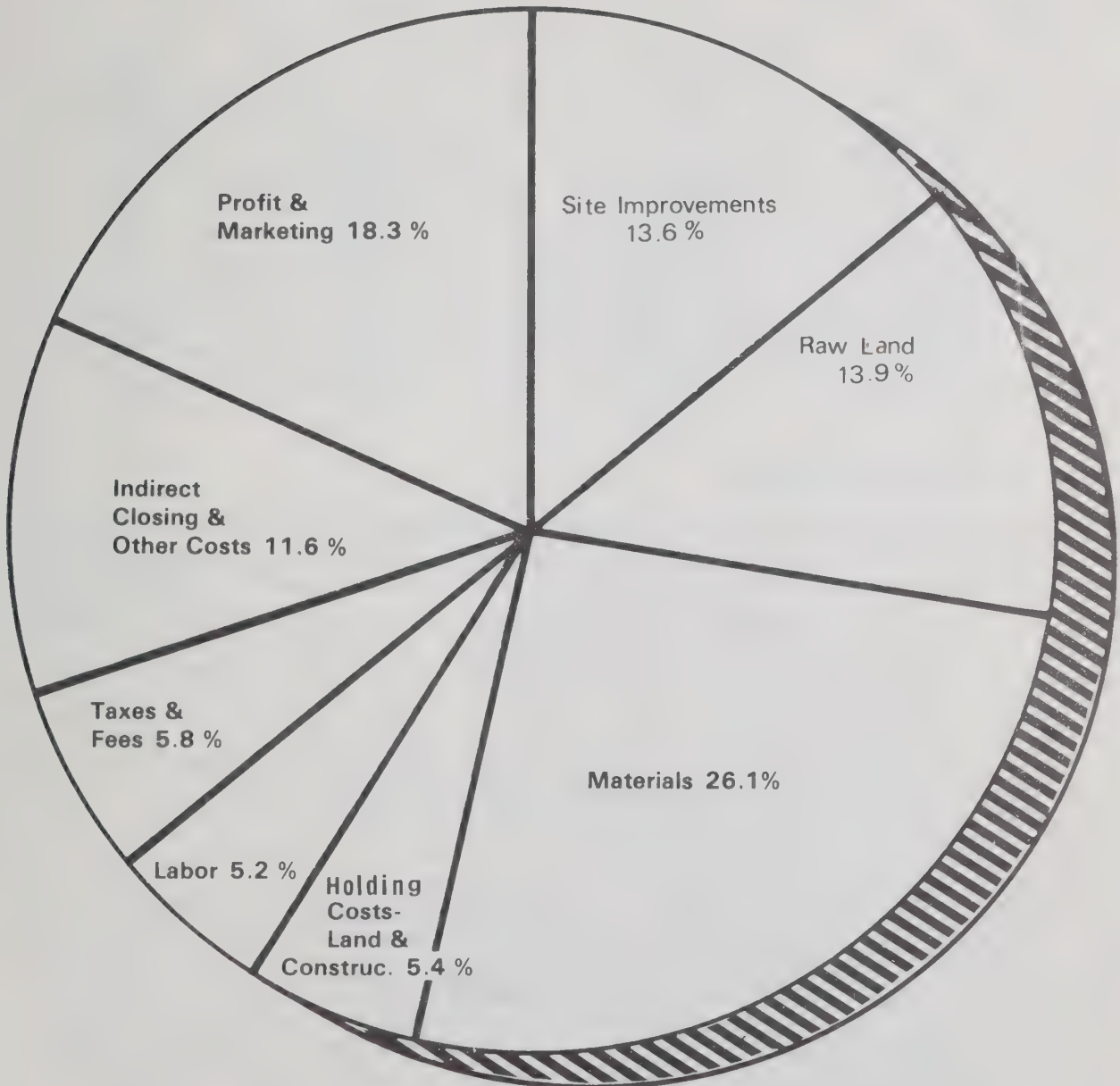
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\*Builders claim that city fee structures have contributed even more to cost increases in apartment construction.

\*\*"Big Danger' seen in Rise of Amateur Speculators," California Builder, April, 1977, pg. 8.

**CHART 7**

**PER CENT INCREASE IN HOME SALES PRICE  
ATTRIBUTABLE TO INCREASES IN PRICE  
OF HOUSING COST COMPONENTS BY COMPONENT,  
1968 - 1976\***



Source: Urban Land Institute  
Gruen Gruen & Associates

\* For typical  
subdivision in San Jose

sales price was smaller because the cost of these components is less. For instance, the taxes and fees component had the highest percentage increase in cost of any component between 1972 and 1976 (586.1%), rising from \$274 to \$1,880. For this reason, taxes and fees are often credited with more responsibility for the increase in home prices than is warranted. Actually, only 5.8% of the increase in sales price was due to increases in taxes and fees.

The general inflation of material and other costs apparently has not dampened demand for homes. A strong demand for housing is a direct indication of a strong economy and job growth within the county. The supply of homes appears to have been restricted to some degree by governmental regulations. Moratoriums on building in parts of the county, downzoning, and an emphasis on providing industrial land within communities, have set a condition where developers can safely increase profit margins and place a premium on buildable residential land. Decisions by local policy makers can have strong impacts on the housing market and the direction it takes.

#### D. THE RENTER'S MARKET

As the cost of home ownership has increased beyond the point of affordability for a large segment of the county's population, the demand for rental units has increased. According to the Santa Clara County 1975 census, 61 percent of existing dwelling units were single family units in 1975; 39 percent were multi-family units. According to city development plans for land vacant in 1975, 47 percent of the residential units built after 1975 will be single family units, while 53 percent will be multi-family units. This is a substantial change from the situation in 1975. This shift reflects the consumption of single family land rather than a change in policy direction by most cities.

Although the trend for the future appears to be in the direction of increased apartment construction, the number of starts has been relatively low for the past five years. From a high point of 11,994 building permits authorized in 1969 for multi-family units in the county, authorized construction fell to a low point of 2,471 units in 1975. The number of building permits authorized for single and multi-family units between 1966 and 1977 is displayed in Table 5 on page 31. It should be remembered that all multi-family units are not apartment units or rental units. Many of these units are duplexes, triplexes, fourplexes, condominiums, or townhouses, where the owner occupies the unit or one of the units. Thus, the number of units available to renters is actually less than the total would indicate. However, many single family homes over the past several years have been purchased by investors who put them on the rental market. This increases the supply of rental housing.



TABLE 5

New Dwelling Units Authorized by Building  
Permit in Santa Clara County

<u>Year</u>	<u>Single Family Units</u>	<u>Multi-Family Units*</u>	<u>Total</u>
1966	5,187	1,520	6,707
1967	7,516	2,717	10,233
1968	9,396	8,165	17,561
1969	6,777	11,994	18,771
1970	6,324	11,294	17,618
1971	9,304	10,265	19,569
1972	9,278	5,629	14,907
1973	7,393	5,460	12,852
1974	5,822	3,242	9,064
1975	5,699	2,471	8,171
1976	9,335	3,821	13,156
1977**	6,064	3,095	9,159

\* Includes all non-single family units regardless of tenure

\*\* Through month of July, 1977

Source: Santa Clara County Planning Department

One reason that apartment construction has been low in recent years is that construction costs have increased faster than rents. Owners of conventionally financed new apartment complexes would be forced to charge rents higher than comparably equipped existing complexes in order to just break even, and so few complexes have been built. A second reason for the low construction rate is that financing requirements for multi-family developments have become stricter. Developers are now required to make larger downpayments in order to borrow money to pay for construction costs. With more of their money tied up, developers haven't been able to build as many complexes as they could in the past. A third reason is that the interest rate for borrowing money to construct apartment units has been higher than the rate for construction of single family units. This is a disincentive to multi-family developers.

As a result of the low apartment construction rate, the supply of apartment units in the county has increased quite slowly during the last five years. As the increasing price of single family units has forced an ever larger number of households into the rental market, demand for apartment units has increased markedly. When the population increase in the county over the last five years is also considered (105,000 new residents), the disparity between supply and demand becomes obvious. In recent years, many apartment complex owners have sold their complexes to specialists who have converted them into condominiums and who then have sold to individual owners. Substantial profits are possible from such conversions and local property taxes are increased substantially, but the effect is to reduce the supply of rental units. This is burdensome where rental vacancy rates are low. While some of the condominiums may be rented by their new owners, rent will have increased sharply to cover two layers of profit taking, any improvements made prior to sale and usually higher interest rates on the new mortgage and higher taxes.

As one would expect, the apartment vacancy rate in the county has plummeted in recent years. From a high of 13.1% in January, 1971, the vacancy rate dropped to 3.1% in July, 1976, and is generally considered even lower in 1977.

The changing vacancy rate picture is shown in Chart 8 on page 33.

Rents charged for apartments of different size over the last four years are as follows:

TABLE 6

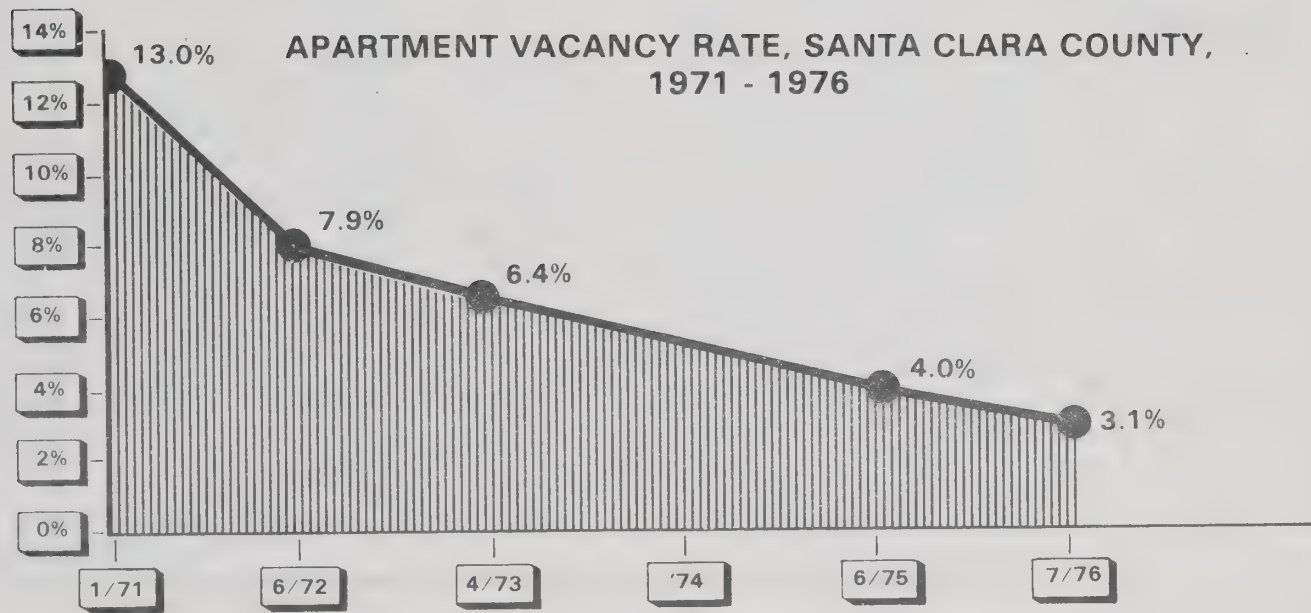
MEDIAN RENT OF APARTMENTS IN SANTA CLARA COUNTY BY  
NUMBER OF BEDROOMS, 1973, 1975, 1976

Type of Apt.	April, 1973	June, 1975	July, 1976	% Increase 4/73-7/76
Studio	\$142	\$157	\$172	21.1
1 Bedroom	167	175	205	22.8
2 Bedroom				
1 bath	187	201	224	19.8
2 Bedroom				
2 bath	229	245	276	20.5
3 Bedroom	217	227	277	27.6

Note: Figures apply to complexes of 40 units or more.

Source: San Jose State University, Apartment Survey for Santa Clara County.

CHART 8



Source: San Jose State University, Apartment Survey for Santa Clara County

As shown in Chart 9 on page 35, the cost of homeownership has risen at a faster pace than the cost of renting. Comparing rental amounts for apartments in Table 6 with monthly home costs in Table 3, it can be seen that between 1973 and 1976 rental amounts rose anywhere from 19.8 percent to 27.6 percent while the cost of living in the median priced new house in the county rose 61.7 percent.

Factors contributing to the probable turnaround in apartment construction include a larger county population, a higher proportion of households being forced into the rental market, and rental amounts which, while increasing slowly, have increased sufficiently to make some development possible.

#### E. HOUSING AVAILABILITY FOR LOWER INCOME HOUSEHOLDS

The housing crisis, which reduces the ability of middle income individuals to afford shelter in Santa Clara County, is having a far more serious impact on lower income residents. While the middle income household must tighten its belt and cut back on some discretionary items to meet monthly shelter costs, a low income household, in order to afford any housing at all, must live in a small, crowded unit, spending an inordinant proportion of its income for inadequate shelter. Often, rent payments come out of the money needed for food, clothing, and medical expenses.

Increasingly, as the housing market tightens, low and moderate income households, especially those with one wage-earner, find themselves in competition with two-worker households which can afford to spend more for shelter.

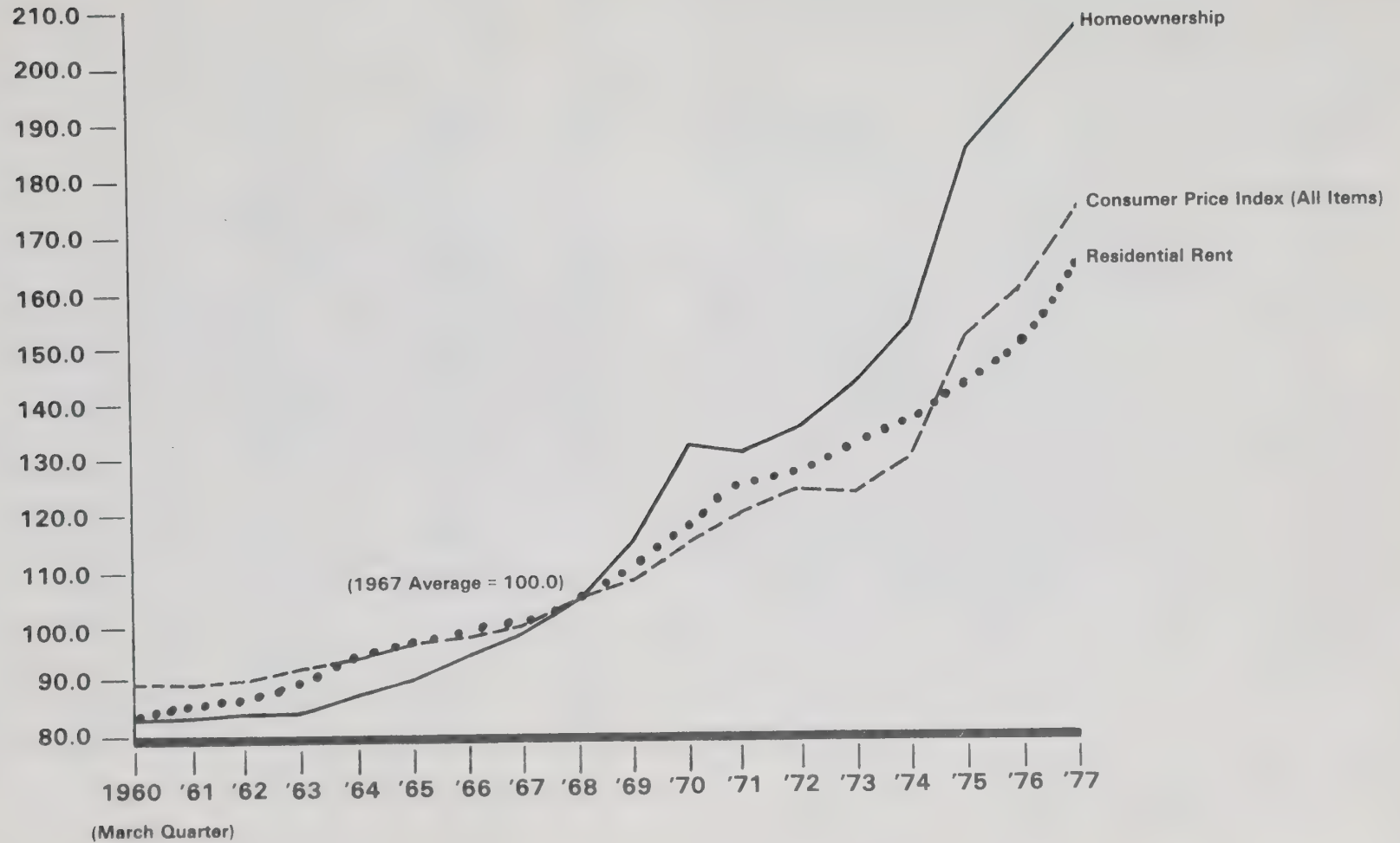
While moderate income households are squeezed in the present housing market, low income households are the hardest hit. Many lower income persons are members of racial or ethnic minorities or are aged or mentally or physically handicapped, or are female heads of households, often with small children. Because these groups suffer from widespread discrimination or from disabilities, it is impossible or very difficult for them to increase their income. The housing crisis is particularly unfair to them; they have no real chance to cope with rapidly rising prices.

In Santa Clara County, 168,340 households (42.9 percent of all households) were defined as "low income" in 1975. There were 76,518 households with annual incomes of \$7,824 or less in 1975 (50 percent of the county median, designated as "very low" income). An additional 91,822 households had annual incomes of \$7,824 to \$12,516 in 1975 (50 to 80 percent of median, designated as "lower" income).



CHART 9

RISES IN PRICE INDICES FOR ALL CONSUMER ITEMS, HOME OWNERSHIP,  
AND RESIDENTIAL RENT, SAN FRANCISCO -  
OAKLAND SMSA, 1960 - 1977



Source: Santa Clara County Planning Department

Most low income households must rent because they are unable to purchase affordable homes. According to ABAG data released in 1975, in Santa Clara County, 46% of the 112,000 renter households (51,000) paid more than one-quarter of their gross monthly incomes for shelter in 1975. Of that total, over 41,000 households, or 80.1% paid less than \$200 per month for rent. This is approximately equal to the total households living in Sunnyvale and Morgan Hill. Therefore, they are classified as low income households since their monthly incomes couldn't exceed \$800.\* Because of the high price of other basic necessities, paying more than 25% of a household's monthly income for shelter puts a great strain on lower income households. These households may be forced to choose between buying food, transportation, or medical care or paying the rent each month. Thus, renting does not assure affordable housing for all low income households.

The 1977-1978 Housing Assistance Plans, submitted by the cities as a part of the Community Development Block Grant Application, provide estimates of the number of low income households which need assistance. The city grant applications identify 68,200 low income households to be in need of housing assistance because either (1) the cost of shelter exceeds 25% of their gross monthly income, or (2) they live in deteriorated housing, or (3) they are overcrowded. The Housing Assistance Plan estimates of households in need is summarized by city in Table 7, on page 37.

As Table 7 shows, families constitute 80 percent of all low income households in need of assistance. Elderly provide 20 percent of the total households in need.

Most cities are not making an adequate effort to provide housing for their lower income residents. Table 8 shows the percentage of households in need in each city which are projected to receive assistance within three years. These figures are based on information supplied by the cities as part of the application for federal funds under the Housing and Community Development Act of 1974. Federal and local resources will have to be greatly expanded if low income housing needs are to be fully met. (See Attachment C).

TABLE 7

LOW INCOME HOUSEHOLDS IN NEED OF HOUSING ASSISTANCE  
SANTA CLARA COUNTY - 1977

	Campbell	Cupertino	Gilroy	Los Altos Hills*	Los Altos**	Los Gatos	Milpitas	Monte Sereno*	Mountain View	Morgan Hill	San Jose	Saratoga	Santa Clara	Sunnyvale	Palo Alto	TOTAL	Percent of Total
Total	1115	2222	1572	--	--	2053	1882	--	5665	642	34,374	77	7057	5627	4221	68,289	100
Elderly	258	156	229	--	--	169	41	--	676	128	6,219	303	1413	796	1054	13,642	20
Family	857	2066	1345	--	--	1884	1841	--	4789	696	26,155	574	6444	4631	3167	54,649	80

\*Choose not to submit applications for these funds.

Source: 1977-78 Housing and Community Development Grant Applications

TABLE 8

PERCENT OF LOW INCOME HOUSEHOLDS  
PROPOSED TO RECEIVE ASSISTANCE, 1977-1980

	Campbell	Cupertino	Gilroy	Los Altos Hills*	Los Altos**	Los Gatos	Milpitas	Monte Sereno*	Morgan Hill**	Mountain View	San Jose	Saratoga	Santa Clara	Sunnyvale	Palo Alto
Elderly	81.0	5.8	24.0	--	--	12.4	7.3	--	--	44.4	13.1	62.4	13.1	24.5	11.0
Family	29.0	6.0	20.1	--	--	6.4	3.7	--	--	23.2	13.0	2.3	4.2	16.5	8.9

\*See above

\*\*Data not available

Source: 1977-78 Housing Assistance Plans, Santa Clara County, Community Development Block Grant

Because of inflation in the cost of other necessities (in particular, food and energy), it is very difficult for low income families to make ends meet. In Santa Clara County, the highest wage earnings of a low income household (80% of the county's gross median income) in 1975 would be \$1,104 per month, with a net after tax and social security deductions of approximately \$800 per month. If a typical low income family of four were to use 25 percent of its earnings for shelter, it would have to pay \$276 per month. This leaves them \$524 per month for other necessities. Yet, Bureau of Labor Statistics data indicates that a typical Bay Area middle income family spends \$671.39 per month for the basic necessities of food, transportation, clothing and medical expenses. Therefore, the low income family falls at least \$147 short of meeting its budget for necessities. Furthermore, a low income family is not able to set aside money for emergencies.

The problem of supplying affordable and decent housing for the low income population has not even come close to being solved. The number of households in need is increasing, and will continue to increase if strong measures are not taken to combat this problem.

#### 1. Deteriorated Housing

It was not possible to extract the number of substandard housing units in Santa Clara County from the 1970 census. Even if the information were available, it would be inadequate to measure the extent of housing deterioration because the census does not deal completely with structural characteristics such as foundations, roofing, etc. While the cities and the county have estimated the number of deteriorated housing units within their jurisdictions, the actual extent of the problem is not precisely known. A rough estimate of the number of units occupied by low and moderate income families which need rehabilitation or replacement is 15,000.

Local housing codes are designed to ensure that existing dwelling units are maintained in a safe and healthy condition. However, due to potentially negative impacts on residents of raising unit cost and to the public cost of such programs, city and county code enforcement is generally pursued only on a complaint basis. As a result, many housing units become deteriorated.

Only two cities in the county, San Jose and Sunnyvale, have systematic code enforcement programs in designated target areas to promote maintenance and upgrading of existing



structures. These enforcement programs are costly, however, and may also force lower income families out of housing because they cannot afford either the cost of required repairs or the higher rent on fixed-up units.

Insofar as low income households live in housing that poses a serious threat to their health and safety, code enforcement may be necessary to correct serious and immediate hazards. This enforcement must be accompanied by adequate assistance to assure that housing is still available and affordable for those households.

If there are not sufficient low interest loans, subsidies, and other devices to insure that low and moderate income families are not displaced from repaired housing, code enforcement contributes more to the problem of lack of affordable housing than to its solution. Rehabilitation does prevent a reduction in the existing housing supply.

While rehabilitation programs are beginning to receive funding priority at the state and federal levels, available funding is not being aggressively used in the county at the present time. Few rental units have been rehabilitated because most cities have been reluctant to assist investor-owners.

This reluctance stems from the fact that experience with rehabilitation programs in other cities has shown that these programs contribute to the housing shortage facing lower income people. In some cases, rehabilitation of older housing units has made them an attractive investment for middle income families, driving the selling or rental price beyond the reach of lower income families. In order to protect low income families, any rehabilitation program must include mechanisms to keep the post-rehabilitation rent levels within their reach and must also establish an income ceiling for unit occupants. If these mechanisms are not part of a rehabilitation package, this lower income housing resource will be lost. (See Attachment D).

## 2. Article 34

Other factors also obstruct the supply of housing units available to low income families. One is the constitutional requirement that a local referendum be held on proposals for low income housing projects when local or state government is directly involved. (The language in the Constitution is "develop, construct or acquire.") This provision, Article 34; has effectively barred the construction of low income housing in many cities in the county because there is an unwillingness on the part of local governments to undertake difficult election campaigns.

### 3. Redlining

A second problem is the practice of redlining by local lending institutions. Lower income neighborhoods and the people living there are often discriminated against by lending institutions which see these areas as poor investment risks. As a result, home improvement loans and mortgage loans may be impossible to obtain. This contributes to neighborhood decline and constricts the supply of decent low income housing. Unfortunately, it is difficult to prove that an area has been redlined by local lenders.

## F. DISCRIMINATION

Discrimination is prejudicial treatment not based on individual merit of a person or group. Many forms of discrimination in housing are prevalent throughout the county. Housing discrimination includes not only outright refusal to rent or sell to certain groups of persons, but also imposing higher price, rents, and deposits; limiting the use of facilities; or offering less choice among available units.

### 1. Illegality

Housing discrimination based on race, religion, national origin and sex is illegal under both state and federal laws. Discrimination based on marital status also violates state law. State law now protects the physically handicapped person from housing discrimination, but the only recourse provided is through private litigation. The legal status of discrimination against renters with children is unclear, although provisions in the Unruh Civil Rights Act prohibit all "arbitrary" forms of discrimination. An Attorney General opinion indicates that the word arbitrary extends the coverage of illegal discrimination to include children; however, case law does not yet exist to support this opinion.

### 2. Racial and Ethnic Discrimination

Discrimination based on race or ethnic origin continues to be prevalent in rental and safe housing throughout the county. Several surveys to determine the extent of discrimination have been conducted in the county during the 1970's. Studies conducted by the Midpeninsula Citizens for Fair Housing have shown that 40% to 60% of the rental units in the north valley are under management practicing some form of discrimination against blacks. The San Jose Human Relations Commission found discrimination against blacks in 31% of the apartment complexes which were audited, and against Chicanos at 27%.

A recent informal survey by two reporters (black and white) from the San Jose Mercury showed discrimination throughout the county but with area differences similar to those shown in the other studies. Four out of fourteen complexes in San Jose appeared to discriminate (29%) while nine out of twenty (45%) appeared to discriminate in the cities north of San Jose (Santa Clara, Sunnyvale, Los Gatos, Campbell, Los Altos, Mountain View, and Palo Alto). Calvin Stovall, the minority Mercury reporter, put it: "The discrimination hurt and shocked me the first days of the survey." But when one manager seemed to have avoided coming to the door when she saw he was black, he said: "Apparently, she couldn't face me. That made me feel hollow inside. The pain caused my heart to sink and feel emptiness. She had treated me as if I weren't even a human being." (See Attachment D).

Black and other minority people will only be able to achieve equality in our society when they can make housing choices unrestricted by race or other factors not based on personal merit. Discrimination continues because enforcement has never been seriously pursued by the public sector. State and federal enforcement efforts are nearly non-existent. Neither the state nor the federal government has permanent offices in Santa Clara County for enforcement of anti-discrimination laws. One or more visits to San Francisco are usually needed to file a complaint at a state or federal office. Both offices have limited staff, and even more limited powers, offering only conciliation and ineffective fines.

To fill the vacuum left by higher levels of government, several non-profit organizations have been functioning within the county with assistance from some cities. These agencies are also understaffed and do not provide complete services to all areas of the county.

The Supervisors have recognized the great harm that comes from allowing illegal discrimination to continue and have established and funded a one-year pilot effort within the Human Relations Commission to assess the extent of discrimination and develop methods to deliver effective fair housing services to all present and prospective residents of the county. The Supervisors will be responsible for adopting an on-going service for future years. There have been many recommendations in the past for more effective County action in this field, but none have been implemented.

### 3. Other Groups Experiencing Discrimination

As owners and managers take advantage of the tight rental market to choose the most desirable tenants (from their point of view) from the ever-increasing number of desperate seekers, other special groups are finding a smaller percentage of

rental housing available to them. Households that have traditionally been in the rental market find they are now competing with an enlarged pool of renters since increasing downpayments and high monthly carrying charges are forcing many more individuals and families to postpone buying. At the same time, rental construction has been severely depressed and some multi-family projects have been converted from rental status to condominiums, causing displacement. As a result, many low income families are being displaced.

The number of renters with children is growing as the past World War II baby boom generation reaches family formation age. This increase in demand has not been matched by growing supply. Many landlords have decided not to rent to families with children, whom they perceive as destructive. This form of discrimination affects all people with children who must rent, regardless of their income bracket. The problem has become more severe as more families are priced out of the ownership market. They may find they have little or no choice in seeking shelter. Among the households with children, a growing proportion are headed by single parents. These families face even greater problems as many landlords who will accept children insist upon two-parent families. (See Attachment C).

Seniors, who have retired, also experience hardships in the rental market. Frequently, inflation has eroded their fixed incomes and impoverished them for the first time in their lives. They are unable to compete financially with wage earners or to move quickly enough to be the first at the door when a vacancy occurs. Therefore, they are frequently forced out of familiar neighborhoods and surroundings. As a result, many find it difficult to continue functioning independently and become a greater burden to society as a whole.

Handicapped individuals also face special problems. Architectural barriers, such as stairs and narrow doors, limit the number of usable rentals for handicapped people. The handicapped must also locate in units where transportation for access to jobs or rehabilitation programs is relatively easy. If an acceptable unit is found, the landlord is often fearful of greater liability, and may refuse to rent to a person with an obvious handicap. Consequently, a handicapped person may be denied his or her right to function fully and come independent.

Within all groups there are individuals who may experience more than one kind of discrimination. For example, a person may be elderly and handicapped and Chicano. Obviously, this compounds the problems.



#### 4. Economic Discrimination

Discrimination against groups of persons knows no income barrier. The psychological impact of discrimination is the same regardless of personal financial status. However, it is common for persons experiencing housing discrimination to be in the lower income range because those same persons are also likely to have been victims of discrimination in employment, education and other aspects of their lives. As a result, these households are severely restricted in their ability to attain decent, affordable housing.

For example, a single female head-of-household may find she cannot compete financially with a single male head-of-household for a rental unit. In general, males command larger salaries as a result of more educational opportunities, a wider range of job opportunities and more rapid job promotions. Women, therefore, may find that their earning capacity and their ability to compete for housing is less than their male counterparts.

Households facing any or all forms of discrimination are often forced into undesirable living situations. These households must survive by making long-term use of cheap transient units, sleeping in automobiles, or living with relatives and friends for extended periods. Some arrangements are illegal or cause for eviction. Therefore, these families often move frequently and cannot establish family stability. They are also unlikely to want their plight publicized.

Since publicity of the shocking impacts of discrimination and the housing shortage is avoided, the public remains largely unaware of these problems. Nonetheless, the problem exists and grows worse with our escalating housing crisis.



## CONCLUSIONS

From its analysis of the housing problem, the Task Force has reached the following conclusions:

Housing costs are high and going higher.

The bulk of the housing stock in this county has grown too costly for first-time home buyers to be able to purchase or meet monthly payments for a single family home. New housing is even more expensive. The market for rental units is growing tight and rents too are beginning to escalate.

The rapid increase in shelter and other living costs will put an even greater strain on household budgets.

Income increases in the seventies have not kept pace with increases in the cost of food, shelter, energy and transportation. These cost increases are cutting more and more deeply into the ability of middle and lower income households to make ends meet.

Affordable housing near their jobs is unavailable to many people working in the county.

Housing in or near the northwestern part of the county where most jobs are concentrated is even more costly than elsewhere. This makes it impossible for many workers in this area to live near their jobs. Long commutes with high time and dollar costs result.

People with limited incomes are especially hard hit by the tight housing supply.

The more limited the supply of housing, the more problems in finding and keeping adequate and affordable housing are faced by those with limited resources.

Discrimination in the sale and rental of housing persists as a major problem in this county.

Discrimination based on race, ethnic background, age, sex, or family status is still common practice throughout the county. The laws against this practice are not adequate and are not being fully and uniformly enforced.

Insufficient public effort has been directed toward seeing that housing needs are met.

Governments at all levels have not attended to housing needs. Local governments, particularly during the past five years, have contributed to the lack of supply and rising cost of housing by not planning for and not actively seeking to provide housing units needed to match economic growth.

Interjurisdictional competition to attract industrial use has contributed to a serious imbalance between jobs and housing. Housing has been a low priority of local governments.

The County must act now.

A major and ongoing effort must be initiated to make adequate and affordable housing available to all residents and workers in Santa Clara County. Housing must be a top priority of the County and its cities. County government must make clear its commitment to meet these immense and growing housing needs. The following action statement which comprises the second half of this report marks the course that the Task Force finds most likely to produce results. The Board of Supervisors, city councils, other elected officials, and, ultimately, the public must exert their will to see that these needed changes occur.



PART TWO

ACTION STATEMENT



## PROPOSED SANTA CLARA COUNTY HOUSING GOALS, OBJECTIVES AND POLICIES

### A. GOALS

The County of Santa Clara, exerting maximum leverage on those public and private organizations that affect the availability, price, and quality of housing in this county, should direct its efforts to:

Ensure that all persons employed in Santa Clara County have an opportunity to live within a reasonable commute of their jobs.

Ensure that all Santa Clara County residents have an equal opportunity to occupy safe and uncrowded housing at a cost they can afford, without causing unjustifiable social or environmental harm.

### B. OBJECTIVES

Based on its analysis of housing problems within Santa Clara County, the Task Force has concluded that the County should act to achieve five critical housing objectives. Specifically, the County should:

Work with cities, especially within job-intensive areas of the county, to increase the supply of housing necessary to obtain a balance between jobs and housing.

Forge an effective partnership with federal, state, and local governments to meet low and moderate income housing needs not satisfied through the private sector.

Eliminate illegal and arbitrary discrimination in the sale and rental of housing.

Provide housing services to families and individuals who have difficulty in finding and maintaining adequate shelter.

Preserve and maintain the existing supply of housing in safe and serviceable condition without decreasing the supply of low and moderate income housing.

## C. POLICIES

Implementation of these goals should be predicated on the following policies:

Local governments should permit and assist the private sector to provide most of the needed housing in appropriate locations and to provide greater private financing for a wider variety of housing for a full range of incomes.

All levels of government should collectively provide substantial public funds to provide shelter for persons whose housing needs are ignored or unmet by the private sector.

## RECOMMENDED ACTIONS

The housing problem is so immense that every recommended action which follows is important to achieving an overall solution; none by itself will be decisive. They must operate in concert.

Although it is difficult to classify the recommended actions neatly because of their impact on several facets of the housing problem, the following outlines the primary scope and effect of each recommendation described in detail on the succeeding pages.

### 1. To Obtain a Balance between Job and Housing Locations

To enable workers to live closer to jobs and for others, such as seniors and students, to live within their appropriate communities:

#### A. County Action

1. Develop and promote actions to increase the number of residential units in commercial and industrial areas. (p. 54)
2. Create an Industrial Growth Management Committee to help develop and implement a plan to balance the provision of jobs and housing. (p. 57)
3. Incorporate criteria relating to the jobs/housing balance within the annexing city into LAFCO annexation decisions. (p. 59)
4. Encourage the construction of innovative multi-family housing and mixed use development. (p. 61)



5. Evaluate and publicize the countywide impact of industrial development. (p.62)
6. Change existing general plans to increase residential densities to support public transit networks. (p. 63)
7. Use surplus school property for residential development. ( p. 64)
8. Support development of housing in urban service areas of the county if and when the cities do not provide an adequate housing supply. (p. 66)

B. Higher Government Action

1. Seek HUD cooperation in implementing local housing assistance plans. (p. 67)
2. Add housing availability within reasonable commute to State criteria for evaluating industrial siting. (p. 68)
3. Make statewide housing plan and housing element guidelines effective. (p. 69)
4. Seek compliance with state and federal housing and planning laws. (p. 70)
5. Encourage property tax reform by the state to create incentives for cities to develop a housing/job balance. (p. 71)

II. To Achieve an Adequate Housing Supply for Those below Median Income

To enable households with less than the county median income of \$18,200 to live in adequate housing:

A. County Action

1. Develop and finance a landbanking program. (p. 73)
2. Prepare and enforce a model ordinance to ensure that a percentage of new housing units are affordable to low and moderate income persons and families. (p. 75)
3. Develop an Article 34 Committee to work with cities and the County in the development of referenda to acquire, develop or construct housing for low income persons. (p. 76)

4. Act to supplement federal and state housing assistance programs with local funds. (p. 78)
5. Establish a non-profit housing development corporation.(p.79)
6. Establish a non-profit housing purchasing corporation and pass a bond measure to support it. (p. 80)
7. Support the development of housing cooperatives. (p. 82)
8. Enact an ordinance to permit the development of experimental projects to reduce costs of housing. (p. 83)
9. Encourage local governments to use powers granted in state redevelopment law to generate low income housing, including tax increment financing. (p. 85)

B. Higher Government Action

1. Reinstate Section 23 (leased housing program) or modify Section 8 (rent supplement programs). (p. 87)
2. Increase substantially housing assistance by state and federal governments. (p. 88)
3. Pass general obligation bonds for California Housing Finance Agency. (p. 89)
4. Remove Article 34 from the State Constitution or amend it. (p. 90)
5. Permit use of Community Development Block Grant (CDBG) funds for construction of housing. (p. 91)

III. To Increase Overall Supply of Housing

To enable the housing production industry to provide more housing at a faster rate:

A. County Action

1. Review and comment on state and federal loan and grant applications. (p. 93)
2. Identify and publicize potential sites for needed housing. (p. 94)
3. Streamline housing approval process. (p. 95)

4. Revise development fee structure to encourage innovative and multi-family development. (p. 96)

#### IV. To Eliminate Housing Discrimination

Many facets of discrimination will be addressed under the housing services program. Unfortunately, existing state and federal laws do not prohibit all forms of discriminatory practices; therefore, to enable families to live in areas suitable to both jobs and schools and within their means:

##### A. County Action

1. Adopt a model ordinance to prevent unreasonable discrimination against families with children. (p.97)
2. Enforce fair housing laws. (p. 99)
3. Monitor fair housing practices. (p. 100)

##### B. Higher Government Action

1. Repeal pre-emption clause in Rumford Fair Housing Act. (p.101)

#### V. To Provide Necessary Housing Services

To enable persons whose lives are disrupted by the extreme shortage of housing to have an equal opportunity to secure shelter:

##### A. County Action

1. Establish a countywide housing services program having responsibility for:
  - (a) Enforcement of Fair Housing Laws
  - (b) Monitoring Fair Housing Practices
  - (c) Tenant/Landlord Counseling
  - (d) Tenant/Landlord Mediation (Hearing) Committee
  - (e) Homeownership Counseling
  - (f) Resource Assistance (p. 102)

#### VI. To Preserve the Supply of Housing

To enable the fullest use of the existing housing supply:

#### A. County Action

1. Utilize a countywide Marks-Foran bond for housing rehabilitation. (p. 104)
2. Bring about local government actions against redlining.(p.106)
3. Encourage cities to preserve existing stock, while rezoning for increased supply. (p.107)
4. Carry out appropriate code enforcement in non-city areas. (p. 108)
5. Publicize state law changes which facilitate less costly rehabilitation. (p.109)

Each recommended action is described in the following section. The Task Force strongly recommends their adoption and implementation with urgency. It recognizes that with more knowledge and the experience which will come when these recommendations are in the process of being implemented, further revisions and recommendations will be likely. Nonetheless, it is the strong view of the Task Force that the County goals stated above to which these recommended policies and actions are committed are immutable.



## SANTA CLARA COUNTY HOUSING AGENCY

### TO IMPLEMENT THE RECOMMENDATIONS

The recommended actions proposed here will have a significant effect over a five-year period only if adopted and carried out in concert. It is crucial that the Board of Supervisors acts quickly, with a determination to attack the problem.

*The County Housing Task Force recommends that the Board of Supervisors of Santa Clara County establish a Housing Agency within County Government.*

### Purpose

The primary purpose of the Housing Agency would be to develop and implement housing programs and projects pursuant to housing goals, policies, and objectives recommended here to be adopted by the Board of Supervisors. In particular, the Housing Agency would be responsible for working with the cities collectively and individually, with other local governments, County agencies, and higher levels of government and with the private sector to implement the suggested recommendations.

In addition to the Board, the cooperation of all of the cities in the county, especially of Palo Alto, Mountain View, Sunnyvale, Santa Clara and San Jose, is vital to the success of these goals, policies and objectives.

The larger cities of the north and central county are competitively arrayed against each other in their efforts to attract industry, zoning most of the valuable remaining land for industrial use and discouraging additional housing. Because of the nature of the problem, the cities cannot significantly address the problem individually. There is need for a determined, cooperative cities' effort to be catalyzed by the County. The County must take the lead in this concerted effort toward solving the county's housing problems.

The County of Santa Clara is the only general purpose government with responsibility for all citizens who live and work within the county. Unfortunately, problems that prevent these citizens from experiencing an adequate quality of life are not divisible. Responsibility for solving these problems, therefore, should not be divided or fragmented. In making housing, transportation, employment, or health decisions, for example,

it is imperative that we understand the impact and consequences in other areas that affect the quality of life citizens experience. This can best be accomplished by making the County responsible for focusing public and private actions toward achieving sub-regional balance between housing and economic development in Santa Clara County.

### Functions

The Housing Agency would be responsible for coordinating all housing activities within County government and for providing staff leadership in attacking the many unresolved housing problems. It would provide a central focus and contact point for citizens with housing concerns; it would be the chief advocate within County government for improving the housing situation and for assuring that County actions in other fields, such as public works or transportation, would not exacerbate but ameliorate the housing dilemma. The Agency would be a logical source of information for the Board of Supervisors as they develop the individual recommendations of the Housing Task Force and could be responsible for negotiating and administering contracts with private organizations proposed by the Task Force. It would cooperate with other County officials in Washington, Sacramento, and in the county to achieve the Supervisors' instructions in developing a more effective inter-governmental partnership to resolve housing problems.

### Structure

The director of the County Housing Agency would be responsible to the Board of Supervisors through the County Executive. A housing commission would be established by the Board to advise the Board and the agency on housing policies and programs. It would include representatives from cities and other local governments, interested citizen groups, and housing producers. The Housing Agency would constitute a "line" agency within County Government.

D E T A I L E D

R E C O M M E N D A T I O N S





# DEVELOP AND PROMOTE ACTIONS TO INCREASE THE NUMBER OF RESIDENTIAL UNITS IN COMMERCIAL AND INDUSTRIAL AREAS

Effect: To obtain a jobs/housing balance

## PROBLEM:

Commercial and industrial areas are used, for the most part, only during working hours. These areas are unused 66% of the day. In the face of the county's current housing crisis, they could provide needed space for additional housing units.

## RECOMMENDED ACTION:

*Develop strategies to be used by the County and the cities to increase the compatible mixed use of residential development in existing and proposed commercial and industrial areas, using air space and vacant land.*

*Obtain or provide funds for several model projects.*

*Explore use of city, County and parking district owned sites for mixed use housing.*

*Identify potential sites for housing. This would provide helpful information on the availability of vacant land which can be used to promote land exchanges between owners of different types of land to produce intensification of land use.*

*Support state studies to identify tax law changes to create an incentive to add residential uses to existing structures.*

This is one of the report's most important and far reaching recommendations toward reducing the cost of housing and achieving a job and housing balance. If carried out fully, it will significantly address the imbalance between housing and jobs in the northwest part of the county. In the initial phase, it will reduce the land cost of new housing units as well as the commute. Ultimately, by aiming toward an equilibrium between the housing supply and demand, the inflation rate in rents and prices should level off.

The commercial areas particularly important to this recommendation also form one of the county's major public transit corridors: downtown Palo Alto, the California Avenue shopping area, the downtowns of Mountain View, Sunnyvale, Santa Clara, east of El Camino, and San Jose. To indicate the significance, for example, San Jose's downtown could yield up to 35,000 new housing units for a variety of income levels if the areas between potential industrial sites to the north and the present downtown and areas to

the west and southwest of downtown are included. This would also have the residual effect of making downtown San Jose the logical urban center of the metropolitan region, reinforcing its use as the transit center and attracting major new commercial activities to the downtown to service the residents of the area. The added revenues to the city from the 1% of the sales tax that applies directly would approach \$4,000,000 annually, while the increased service requirements would be minimal compared to new subdivisions, since the area is already serviced extensively.

The air space above single story commercial buildings and parking lots, especially in downtown commercial areas, near office complexes and in the industrial parks, for example, using pole-span construction, can cumulatively provide significant new acreage for potential housing in the northwest county area and San Jose. The air rights could be developed either by the current owner or leased or sold to a developer specializing in this type of residential construction and management.

For government-owned land, the air space could be leased conditionally for a nominal sum in order to provide a significantly lower cost unit to the ultimate resident. To the private land owner, this proposal provides an attractive opportunity for additional unanticipated income from a parcel of land already in production. In exchange for the added income opportunities, city building approval might be conditioned on the owner's agreement not to include any land value component in the rent or sale price he or she passes on to the consumer, for a set period of time; this is similar to density bonus conditions for developers.

A portion of vacant and built industrial lands also can yield a significant number of housing units. A trial calculation of converting one-third of the remaining vacant industrial land in Palo Alto, Mountain View, Cupertino, Sunnyvale, and Santa Clara to 20 residential units per acre indicated that one-half of the additional supply needed to achieve a balance in this area could be provided. One-third of San Jose's vacant industrial land at the same residential density could yield the other half of the needed increase in the supply of housing. While these latter examples are not viewed by the Task Force as the only way to approach the conversion of land use, they are included only as illustrations of the impact. Mixed uses of remaining urban vacant lands would be preferred. Residential units added to existing built-up industrial sites will also yield more supply toward an eventual balance.

In each of these cases, careful planning and some model projects are vital to success.

COST:

Staff time.

RESPONSIBILITY:

Cities, County and State.

TIME FRAME:

Begin immediately; continue over mid-term 1-5 years.

CREATE AN INDUSTRIAL GROWTH MANAGEMENT COMMITTEE  
TO HELP DEVELOP AND IMPLEMENT A PLAN TO BALANCE  
JOBS AND HOUSING

Effect: To obtain a jobs/  
housing balance

PROBLEM:

Lower income and fixed income persons are being priced out of housing and other necessities, in part as the result of rapid expansion of the county work force, especially at higher income levels. There is no practical way the housing crisis in the county can be resolved substantially for lower income persons unless this rapid expansion is limited. Otherwise, the demand for housing and housing prices will continue to soar.

Industrial growth has occurred and is projected to occur primarily in the northwest part of the county. Most available land zoned for residential use is in San Jose and south county. This disparity has caused and will cause serious housing, transportation and social problems.

RECOMMENDED ACTION:

*Establish an "Industrial Growth Management Committee" composed of knowledgeable persons who represent industry, planners, housing advocates, environmentalists and other concerned citizens.*

The purpose of the Committee would be to recommend the nature, amount and location of industrial growth in the county, including the feasibility and desirability of restricting future development to industry that primarily would provide permanent jobs for unskilled or low-skilled county residents.

The Committee should study the impact and desirability of location of some growth that otherwise would take place in the northwest county in the south county.

The Committee recommendations should be consistent with County housing and environmental policies.

COST:

Staff support.

RESPONSIBILITY:

County, Board of Supervisors.



TIME FRAME:

Immediate. Direct staff to draw up purpose and charge for Committee. Board approves purpose and charge of Committee and appoints and directs staff to support them.

INCORPORATE CRITERIA RELATING TO THE JOBS/HOUSING  
BALANCE WITHIN THE ANNEXING CITY  
INTO LAFCO ANNEXATION DECISIONS

Effect: To obtain a jobs/  
housing balance

PROBLEM:

Some cities are not taking their fair share of the responsibility for meeting countywide housing demands, in particular, in relation to the number of jobs within their boundaries.

RECOMMENDED ACTION:

*The Local Agency Formation Commission should use the job/housing ratios of cities as a criterion for annexation approval for employment-producing urban development. Cities should be requested to provide data on where the workers of annexed industrial land will be living, commute distances and measures the city is taking to balance any job/housing imbalance. LAFCO has in its powers the right to review the above type of information and to use it in making its decisions.*

*City spheres of influence and urban service areas should be reviewed by LAFCO and changed where necessary to further county housing policy. LAFCO should also adopt procedures which would preclude any development in county areas by cities prior to application for annexations and receipt of the conditions for the annexation by LAFCO.*

When annexation proposals are brought before LAFCO which would ultimately result in substantial, additional permanent employment, and the city to which the land is being annexed has an appreciable excess of employment over residences, either now or as a result of the proposed annexation, then the annexation should not be approved unless the city commits an amount of land now designated for other use to housing sufficient to implement a job/housing balance.

Exceptions to these rules could be allowed for overriding public interest or extreme financial hardship. Public or private investment in anticipation of development made after the date of adoption of this policy shall not be considered as grounds for granting an exception.

COST:

Staff time.

RESPONSIBILITY:

County and LAFCO

IMPLEMENTATION STEPS:

Direct County staff to work with LAFCO to determine the type and format of housing information requested of cities on annexation.

TIME FRAME:

Immediate.

ENCOURAGE THE CONSTRUCTION OF INNOVATIVE MULTI-FAMILY  
HOUSING AND MIXED USE DEVELOPMENT

Effect: To obtain a jobs/  
housing balance

PROBLEM:

The small amount of remaining vacant land in north county must be developed at higher densities to obtain a jobs/housing balance.

RECOMMENDED ACTION:

*Work with cities to review and revise zoning regulations to enable mixed land use and to facilitate the development of diverse innovative housing projects. In addition, zoning ordinances should be revised to allow rebuilding of residential structures on lots of 3,500 sq. ft. or more in any zone.*

*Work with cities to rezone substantial parcels of vacant low density residential land to higher density uses consistent with existing environmental policies and the recommendations in this report.*

*Work with cities to utilize redevelopment and revitalization areas for very high density housing.*

*Resist down-zoning and down-use of multiple unit residential parcels by working with cities to adopt minimum density use requirements for vacant lands zoned for higher than R-1 density.*

Currently, much R-2 to R-4 land is being filled by expensive single family dwellings. This not only does not add to an affordable housing supply to meet the bulk of the unmet demand, but it also wastes valuable land and drastically reduces current inadequate housing capacity of existing plans.

COST:

Staff time.

RESPONSIBILITY:

The County and cities.

TIME FRAME:

Six to twenty-four months.



EVALUATE AND PUBLICIZE THE COUNTYWIDE IMPACT  
OF INDUSTRIAL DEVELOPMENT

Effect: To obtain a jobs/  
housing balance

PROBLEM:

Local cities cannot determine the total countywide and regional impacts and distribution of benefits of industrial development.

RECOMMENDED ACTION:

*Have County staff evaluate and have the Board publicize the total countywide beneficial and adverse impacts of industrial development. The impacts on area employment; housing demand; transportation; urban services; and other social, economic and environmental factors should be studied.*

In their efforts to promote fiscal health, many cities in Santa Clara County have vigorously pursued revenue-producing industrial development. Concurrently, they have discouraged residential development which requires costly municipal services. As a result of these policies, residential development is forced to locate farther from employment centers.

Although individual cities may benefit from increased industrial revenues, the adverse impacts of their industrial policies are shared by all county residents. The nature of these impacts and their hidden costs are not clearly understood. It is also apparent that the benefits of industrial development are not distributed equitably to all county residents.

RESPONSIBILITY:

County.

TIME FRAME:

Six months.

CHANGE EXISTING GENERAL PLANS TO INCREASE RESIDENTIAL  
DENSITIES TO SUPPORT PUBLIC TRANSIT NETWORKS

Effect: To obtain a jobs/  
housing balance

PROBLEM:

Low density, single family housing is predominant in this county. Housing of sufficient density to support public transit is absent from most areas. Industrial uses are often separated some distance from housing and commercial uses resulting in transit demand only during commute hours.

RECOMMENDED ACTION:

*In cooperation with the cities, ABAG and MTC, develop a strategy for integrating land use and transit development.*

Urban land uses and the County's transit system should reinforce one another. Higher density housing and other intensive urban uses should be clustered at appropriate points along transit networks. Transit must service areas which can support full use of the system and areas where transit dependent segments of the population live. City, County and regional planning should aim toward these goals.

COST:

Staff time.

RESPONSIBILITY:

The cities, the County, ABAG and MTC.

IMPLEMENTATION STEPS:

The Board directs staff to undertake, in cooperation with cities and ABAG/MTC, the clarification of existing land use, transit and transportation plan conflicts and to prepare proposals for conflict resolution.

TIME FRAME:

Immediate in conjunction with corridor study; longer term in conjunction with Transportation Agency planning.

USE SURPLUS SCHOOL PROPERTY  
FOR RESIDENTIAL DEVELOPMENT

Effect: To obtain a jobs/  
housing balance

PROBLEM:

In areas where new housing is most needed (i.e., well-developed areas close to jobs), vacant land suitable for residential use is extremely scarce.

RECOMMENDED ACTION:

*The County must work with school districts to identify surplus school property suitable for residential development, and, where possible, secure it for a landbanking program. A prudent first step would be to work cooperatively with the Office of the Santa Clara County Superintendent of Schools in identifying such property and examining the feasibility of the proposal on a district-by-district basis.*

A potentially extensive source of publicly owned land suitable for residential development lies in surplus school property. In recent years, nearly half the county's thirty-seven school districts have been forced to close schools because of shrinking enrollments. For the most part, districts have retained ownership of the sites on the chance that enrollments will once again rise and thus justify the re-opening of facilities. As time wears on, however, the prospect of increased numbers of students dims, and a recent poll of randomly selected districts indicates that some boards of education are beginning to consider the disposal of surplus property. The same appears to hold true for unimproved sites whose development depended on enrollment growth that never occurred.

It is important to note that the bulk of school closures has occurred in the northern and western portions of the county, where increasing industrial uses and resultant increased jobs have heightened the need for new housing. Moreover, most surplus school property lies in built-out areas where residential services are already well-established and thus where new housing would cause relatively little hardship on service agencies. And, finally, new housing in carefully selected locales could generate the enrollments needed to prevent closures of still more schools in declining districts.

Naturally, any plan to recycle school sites into new housing must be carefully examined. Districts would have to be

assured of receiving an equitable price for their land, and any in-migration of new students to new housing would have to be anticipated and planned for well in advance. But it seems likely that with cooperative, long-range planning these and other problems could be resolved and surplus school property, in selected districts, could provide a significant amount of the vacant land so badly needed for new housing.

COST:

The cost would depend on the amount of land secured and its price at the time of acquisition.

RESPONSIBILITY:

Responsibility for determining which sites in which districts would be appropriate for landbanking would lie with the County, the Office of the Superintendent of Schools and participating school districts. Acquisition of the sites would be the responsibility of the County and perhaps the cities in whose jurisdictions the participating school districts were located.

TIME FRAME:

Six months.



SUPPORT HOUSING DEVELOPMENT IN AREAS UNDER  
COUNTY JURISDICTION, IF AND WHEN CITIES ARE NOT  
PROVIDING AN ADEQUATE SUPPLY OF HOUSING

Effect: To obtain a jobs/  
housing balance

PROBLEM:

The County has delegated responsibility for urban development decisions to the cities. In some cases, the cities have abused this responsibility by not providing for an adequate supply of housing.

RECOMMENDED ACTION:

*Where cities are not providing housing in accord with County housing policy, the County should adopt measures which would permit and support mixed income housing development, with special emphasis on shelter for low and moderate income persons, in areas under County jurisdiction. This urban development should be in full accord with County housing, environmental, transportation, social and other policies.*

Cities should be notified of this County development policy in advance of measures the County intends to take. Urban development in unincorporated areas should be considered a tool of last resort for the County to use in implementing its housing policies. It should occur only when adequate public services can be provided.

COST:

Staff time and comment.

RESPONSIBILITY:

County.

TIME FRAME:

Longer term, only if necessary. Board action on recommendations. Notice to cities.

SEEK HUD COOPERATION IN IMPLEMENTING LOCAL  
HOUSING ASSISTANCE PLANS (HAPS)

Effect: To obtain a jobs/  
housing balance

PROBLEM:

HUD frequently ignores HAPS when making decisions in local areas, for example, in disposing of foreclosed property.

RECOMMENDED ACTION:

*County should persuade HUD to make a locally adopted HAP a major consideration in designing any actions affecting local areas.*

A HAP is a document prepared by a local government as a requirement for participation in the Federal Housing & Community Development Grant Program. The HAP defines local housing needs for low income persons and proposes three-year goals for meeting these needs.

There must be greater flexibility on HUD's part in implementing programs so that a HAP that has been approved by HUD will be the major consideration in the allocation of funds to a city and in all other aspects of HUD implementation, such as the disposition of foreclosed property.

COST:

Staff and Supervisors' time.

RESPONSIBILITY:

County (with cooperation from cities) and the federal government.

TIME FRAME:

Immediate.

ADD HOUSING AVAILABILITY WITHIN REASONABLE COMMUTE  
TO STATE CRITERIA FOR EVALUATING INDUSTRIAL SITING

Effect: To obtain a jobs/  
housing balance

PROBLEM:

State and regional governments are examining means to manage future industrial growth as part of the State's "Recommended Draft Urban Development Strategy."

The State Office of Planning and Research (OPR) has recommended that a regional industrial siting plan be developed. The initial drafts of this concept have indicated that availability of housing was not a prime criterion in site selection.

RECOMMENDED ACTION:

*Have staff relate County housing concerns to OPR and report to the Board of Supervisors on OPR's reaction. If their reaction is unsatisfactory, then elected state officials should be approached and made aware of the problem.*

COST:

Staff time.

RESPONSIBILITY:

Lobbying by the County for action by the State and ABAG.

TIME FRAME:

Immediate, in conjunction with current State Industrial Siting Study, and the preparation of a State Urban Development Strategy.

MAKE STATEWIDE HOUSING PLAN AND HOUSING  
ELEMENT GUIDELINES EFFECTIVE

Effect: To obtain a jobs/  
housing balance

PROBLEM:

There is no framework provided by the state government to guide local governments in addressing housing problems.

RECOMMENDED ACTION:

*Urge adoption of an effective statewide housing plan as soon as possible.*

*Urge publication of permanent, enforceable housing element guidelines as soon as possible.*

The state should provide stronger leadership in encouraging and mandating responsible actions by cities in metropolitan areas so that housing needs can be met on an equitable basis for all residents and job holders, present and anticipated. The state has stood aside for too long and allowed individual cities to propound the theory that local action is the best way to provide for housing when in fact it is denying the needs of a large and growing segment of the population. The state is responsible for the creation of cities and for the delegation of power to them. If the cities do not use their powers to address serious problems, then the state must step in and exercise its role.

A statewide housing plan must be adopted that not only recognizes needs but also specifies programs that will be sufficient to meet the needs on a reasonable time schedule.

The interim Housing Element Guidelines must be replaced with responsible permanent guidelines which must then be enforced. To accomplish this, incentives should be used. But when incentives are not effective, then sanctions must be imposed to assure that all cities comply.

COST:

Staff and Supervisors' time.

RESPONSIBILITY:

County (with cooperative from cities) and State Government.

TIME FRAME:

Three months to one year.



SEEK COMPLIANCE WITH STATE AND FEDERAL  
HOUSING AND PLANNING LAWS

Effect: To obtain a jobs/  
housing balance

PROBLEM:

Current state and federal housing and planning laws are not being complied with or enforced. If the laws were observed, the efforts of individual local governments would be much more effective in providing adequate and affordable housing.

RECOMMENDED ACTION:

*Direct staff to take action necessary to secure local government compliance with existing state and federal housing and planning laws.*

COST:

Staff time.

RESPONSIBILITY:

County, cities, State and Federal Governments.

IMPLEMENTATION STEPS:

Direct staff to monitor city and other local government housing policy to insure conformance with state and federal law.

TIME FRAME:

Immediate for existing laws.  
Medium term: one to three years for proposed planning laws, including statewide housing plan.

# ENCOURAGE PROPERTY TAX REFORM BY THE STATE TO CREATE INCENTIVE FOR CITIES TO DEVELOP A HOUSING/JOB BALANCE

Effect: To obtain a jobs/housing balance.

## PROBLEM:

The current property tax structure encourages urban sprawl and an imbalance between employment growth and housing opportunities.

## RECOMMENDED ACTION:

*Support statewide studies of comprehensive property tax reform, including concepts such as land-only taxes and tax freezes on improvements to existing structure. Support legislation which provides the largest incentives to implementation of housing policies.*

*Cities and the County should pursue a balance between residential supply and employment opportunities if substantial progress does not begin with the next three years and continue on a regular basis.*

Property tax revenue is the basic funding source for local government in California. Generally, cost of services is relative to the number of people in a jurisdiction. Therefore, high revenue generating uses with no permanent resident uses are encouraged by local government. This causes cities to compete for industrial development.

Under current property tax law, rehabilitation, infilling and remodeling cause property taxes to increase. This discourages these activities.

Currently, cities which are growing residentially have having a difficult time funding needed facilities and services. On the other hand, other cities can liberally provide facilities and services and still reduce their property tax rates by encouraging and allowing significant amounts of industrial development.

## COST:

Staff time for coordination with state staff. Supervisors' time for exerting influence over County Supervisors Association of California and local legislators.

## RESPONSIBILITY:

County and state.

IMPLEMENTATION STEPS:

Direct staff to identify statewide studies and to state the County's support of comprehensive property tax reform.  
Individual supervisors exert personal influence over County Supervisors Association of California and local legislators.

TIME FRAME:

Medium term, from one to three years.

## DEVELOP AND FINANCE A LANDBANKING PROGRAM

Effect: To achieve an adequate housing supply for those below median income

PROBLEM:

Expensive land makes it difficult to use assistance programs for housing construction. The scarcity of vacant land makes it difficult for developers to locate suitable sites for building housing for low and moderate income families.

RECOMMENDED ACTION:

*All local governments must become actively involved in landbanking programs. Local public revenues and Community Development Block Grant funds should be extensively used for landbanking. Feasible surplus public land should be acquired, if necessary, and committed for use or traded for appropriate housing sites.*

CDBG funds and local revenues should be used by local governments to purchase land to meet their fair share of lower income housing needs. This land can be made available to a developer at a price that is less than the purchase price and the total development cost can be within subsidy program limits. In exchange the local government can secure agreement to continue the request for subsidies until the end of the mortgage.

In affluent communities, landbanking is one way monies can be used to hold down the long-run cost of housing for those with low and moderate incomes.

Landbanking is a practice adhered to by park districts, school districts and other local jurisdictions in an effort to purchase land at the lowest possible price to meet future needs. We believe housing needs can be addressed in this way also.

COST:

Depends on the amount of land secured and its price. The sooner land is secured the cheaper the price of the land. If landbanking and housing assistance programs continue for several years, there will be some money coming back from sale to developers that can be redirected to future landbanking. There will not be complete recycling of the funds insofar as the land price is written down, until the mortgage is retired.



RESPONSIBILITY:

City and County.

TIME FRAME:

Immediate. CDBG applications are now being prepared--land-banking planning must begin now. Purchasing could begin within one year.

PREPARE AND ENFORCE A MODEL ORDINANCE TO ENSURE THAT A PERCENTAGE  
OF NEW HOUSING UNITS ARE AFFORDABLE TO LOW AND MODERATE  
INCOME PERSONS AND FAMILIES

Effect: To achieve an  
adequate housing supply for  
those below median income

PROBLEM:

There is not enough housing available to satisfy the demand  
for units for those persons with low and moderate incomes  
and for those somewhat above this level.

RECOMMENDED ACTION:

*The County shall prepare and adopt a model ordinance that  
will insure all housing developments address the needs of  
low and moderate income persons.*

In present housing markets, developers can make larger profits  
by providing housing for the more affluent. In view of land  
shortages and other constraints, there is no competitive  
pressure to motivate them to respond to the needs of the less  
affluent, even though these housing needs go unmet.

It is usual government practice to require developers to  
provide certain physical requirements that supplement housing,  
such as roads, sewers, lands for parks, schools, etc. This  
same requirement could be made regarding busing for a lower  
income group. This would also help the cities and the  
County to implement their housing policies.

Housing elements of general plans and zoning regulations should  
be amended to provide that any development of a certain size  
(e.g., 10 units or more) must include a percentage (e.g., 10%)  
of units that will be sold or rented at below-market price.  
The lower price would be made possible by providing for  
smaller units, density bonuses, fewer amenities, special  
financing and/or other methods. No unwilling financial  
contributions would be required.

COST:

Negligible

RESPONSIBILITY:

County and cities.

TIME FRAME:

County and charter cities immediate.  
General Law cities--passage of State law to allow this--one year.

DEVELOP AN ARTICLE 34 COMMITTEE TO WORK WITH CITIES  
AND THE COUNTY IN THE DEVELOPMENT OF REFERENDA TO  
ACQUIRE, DEVELOP OR CONSTRUCT HOUSING FOR LOW INCOME PERSONS

Effect: To achieve an  
adequate housing supply  
for those below median  
income

PROBLEM:

In order for the state and local governments to be involved in the acquisition, development or construction of housing for low income persons, according to Article 34 of the State Constitution, it is necessary for the governing body to put each proposal to a vote of the people.

RECOMMENDED ACTION:

*The Board of Supervisors should establish an Article 34 Committee for the purpose of working with the cities and the County in the development of referenda proposals to permit the acquisition, development, or construction of low-rent housing units by public agencies. Members of this committee should be citizens who are sensitive to the local political environment and the implications of this issue for the cities and the County.*

By combining the data available in housing assistance plans submitted to HUD by Santa Clara County jurisdictions (except Monte Sereno, Los Altos Hills), an estimate of a countywide housing need is obtained. It is currently estimated that approximately 70,000 low income households will need housing assistance within Santa Clara County by 1980. Of this estimate, 53,600 lower-income households need assistance today while 16,400 additional households are expected to need assistance within three years. The breakdown is as follows:

14,000 (20%) will be elderly or handicapped  
households  
(1 or 2 persons)

43,000 (63%) will be family households  
(1-4 persons)

12,000 (17%) will be large family households  
(5+ persons)

In order for the County to meet the housing assistance needs, all tools and techniques available must be utilized, including Article 34 referenda.

Each local jurisdiction will be urged to assume a number of new referendum-approved housing units. The number assumed will be based on proportions from the ABAG Housing Subsidy Distribution System with the total number of units sufficient to meet countywide need.

Each city will be approached individually and shall determine timing and specifics of its own referendum.

This committee shall examine the desirability of drafting separate or combined referenda for family housing units and for elderly housing units.

Strategies regarding site specification shall also be addressed by this committee. All findings and recommendations shall be given to the Board of Supervisors.

COST:

Negligible--committee is citizens.  
Staff time.

RESPONSIBILITY:

County Board of Supervisors.  
County Housing Authority.

TIME FRAME:

Immediate, to form committee.



ACT TO SUPPLEMENT FEDERAL AND STATE HOUSING  
ASSISTANCE PROGRAMS WITH LOCAL FUNDS

Effect: To achieve an  
adequate housing supply for  
those below median income

PROBLEM:

Santa Clara County is a high cost housing area. Even "lower cost" housing is too expensive frequently to qualify for federal and state assistance programs. In some cases, rent limits for these programs have been too low for needy people here to participate. In general, those programs do not provide enough money to meet necessary housing costs.

RECOMMENDED ACTION:

*Santa Clara County and city governments should provide economic assistance needed to make federal and state housing programs available to lower income persons resident or employed within their boundaries, and to cover at least a substantial part of the difference between available federal and state housing assistance and necessary housing costs which lower income persons cannot reasonably pay.*

The County should establish a substantial supplementary housing assistance program, to be developed in detail by the County housing agency and citizen advisory commission, and to be administered by the appropriate County agency or agencies.

The County should use all means reasonably available to induce the cities to take similar action.

COST:

The Task Force believes that 25¢ per \$100 of assessed valuation would not be excessive. This would be about 2% of the current total tax rate.

RESPONSIBILITY:

County and the cities.  
County Housing Authority.

TIME FRAME:

Immediate.

## ESTABLISH A NON-PROFIT HOUSING DEVELOPMENT CORPORATION

Effect: To achieve an adequate housing supply for those below median income

PROBLEM:

Local governments in California cannot directly assist housing without holding an election for the approval of every project.

RECOMMENDED ACTION:

*The County and/or cities should establish one or more local housing development corporations (HDCs). This corporation can assist and sometimes facilitate the construction of assisted housing projects. Public involvement is achieved with the members of the housing development corporation.*

The members of the non-profit housing development (facilitation) corporation are appointed by the city council or the Board of Supervisors. The members would, thereafter, be self-perpetuating without governmental interference.

This corporation can either develop housing on its own or can function by using existing HDCs which would provide development expertise, front money, and all other services in exchange for the fees of a developer. The local HDC would provide community information and guidance to the developers as well as information to the community about the needs for low and moderate income housing.

COST:

Zero to \$25,000 annually per corporation, depending on role.

RESPONSIBILITY:

County and cities.

TIME FRAME:

Immediate to establish a housing development corporation. Board directs County Counsel to advise as to steps needed to establish County HDC. Board directs staff to contact cities on possible local HDCs.

ESTABLISH A NON-PROFIT HOUSING PURCHASING CORPORATION (HPC)  
AND PASS A BOND MEASURE TO SUPPORT IT

Effect: To achieve an adequate housing supply for those below median income

PROBLEM:

The price of rental housing increases over time as owners make improvements before sale or sell at the highest prices the market will bear. New owners must frequently refinance at higher interest rates and thus increase rents. Those hardest hit by these actions are the low income renters who end up paying far more than 25% of their income.

RECOMMENDED ACTION:

*The County should establish a non-profit housing corporation for the purchase of rental housing and should place a general obligation bond issue on the ballot to finance such purchases.*

Rental prices could be reduced over time for some housing owned by an HPC. Once the corporation purchased housing, it would remain in long-term ownership without turnover and attendant profits that normally accompany resale. In some areas of the county, such housing could immediately be rented to holders of Section 8 subsidy certificates. In other areas, it could be done after a few years when normally inflating prices force HUD fair market rents up to the level that carried the housing. Section 8 subsidy would be possible immediately in all areas of the county if money were provided to recover enough of the carrying charges to allow rental at HUD fair market rents. Carrying charges for the housing would include taxes and principal and interest to retire the bonds.

*Through the Housing Purchase Corporation, an equity sharing lease-purchase option opportunity should be established for renters who have some minimum amount (e.g., \$4,000 or more) to put toward a down payment when the lease-purchase option is signed.*

A similar public plan in England, and a private plan in Santa Clara County, would serve as models for staff to use in putting together the details of this program.

This program would enable numerous middle income families who have been able to save some funds for a downpayment but not enough to be able to purchase a home, to do so.

In an escalating housing market, they are forced to rent, and, thus, fall further behind in their ability to buy a home as the increasing down payment requirement exceeds their ability to save.

COST:

Zero to amount chosen; bonds would be self-liquidating.

RESPONSIBILITY:

County.

TIME FRAME:

Immediate, to establish the corporation.



ENCOURAGE THE DEVELOPMENT  
OF HOUSING COOPERATIVES

Effect: To achieve an  
adequate housing supply for  
those below median income

PROBLEM:

It is impossible for lower income families and households to participate in the largest federal housing subsidy programs--tax deductions for interest and property taxes--because they cannot afford to own housing in the usual manner.

RECOMMENDED ACTION:

*The County should encourage the development of housing cooperatives by providing staffing to aggregate potential cooperative owners, to conduct outreach programs for coop housing, and to provide technical assistance in forming cooperatives and acquiring housing. (Housing Services Program could include this service.)*

In 1974, the Federal Government provided \$9 billion in assistance to homeowners through income tax deductions on mortgage interest payments and property taxes. Lower income persons who do not own housing in the usual way cannot participate in these subsidies. Cooperative housing ownership provides a way in which these benefits can be extended to households with slightly lower incomes. In order to be effective coops, certain problems must be overcome and technical assistance is necessary and can be provided.

COST:

Negligible as part of another program.

RESPONSIBILITY:

County.

TIME FRAME:

Immediate.

ENACT AN ORDINANCE TO PERMIT THE DEVELOPMENT  
OF EXPERIMENTAL PROJECTS TO REDUCE  
COSTS OF HOUSING

Effect: To achieve an adequate housing supply for those below median income

PROBLEM:

Options for housing for low and moderate income families are rapidly decreasing as home prices continue to escalate more rapidly than income. Federal and state programs are insufficient to meet the overwhelming need and must be used innovatively by local governments to utilize them to their highest potential.

RECOMMENDED ACTION:

*The County and cities should use all their resources to establish a favorable climate for the development of housing projects to meet the needs of moderate income households. The cities and County should enact the necessary ordinance to allow for the development of experimental housing projects to reduce costs of housing for moderate income households within their respective jurisdictions.*

Innovative housing programs have been instituted elsewhere to provide housing opportunities for those people too poor to afford housing at current market values yet too rich to qualify for subsidy programs. Through the cooperative efforts of a private developer, Castle & Cook, and the local governing body on Oahu, Hawaii, an experimental housing project was built to meet the needs of moderate income families. Similar circumstances can be found in Santa Clara County--many people earning the median yearly income of \$18,000 or slightly below cannot afford their own homes today. Yet the local governing bodies have the power to develop and implement innovative programs by working with private developers. A special ordinance to waive fees and certain zoning and building requirements, utilization of landbanking programs, and the organization of a housing corporation to oversee the development of such a project can be initiated. Developers are willing to build "basic shelter" homes, if they feel that people will buy them. They are more content to continue building what is a known desirable product than to take a risk on an unknown. They are not to be faulted in that regard for they are merely exercising good business sense. However, with the backing of the local governing body, they can build other types of shelter, thereby meeting the needs of local moderate income households.

COST:

Staff time for working with developer and for enacting.

RESPONSIBILITY:

County and cities.

TIME FRAME:

Six months.

ENCOURAGE LOCAL GOVERNMENTS TO USE POWERS GRANTED  
IN STATE REDEVELOPMENT LAW TO GENERATE LOW INCOME  
HOUSING, INCLUDING TAX INCREMENT FINANCING

Effect: To achieve an  
adequate housing supply  
for those below median  
income

PROBLEM:

In recent times, local governments have used redevelopment powers granted under state law primarily to attract industrial and commercial development. Tax allocation bonds are being issued to provide streets, sewers and other improvements to attract industrial and commercial uses. Little or no fiscal or planning effort is being made to assure that affordable housing will be available near these new places of work.

RECOMMENDED ACTION:

*The cities and County should utilize all tools available under redevelopment law--including tax increment financing--to provide housing for low and moderate income persons either displaced by the project or working in the new project.*

Traditionally, the housing needs of the displaced persons have been handled sporadically, and with little success. The State Legislature has recognized this need and now mandates that 25% of the tax increment funds be used for providing low and moderate income housing. Tax increment financing can be used for land write-downs and improvements, housing rehabilitation, relocation, transit facilities, park development and other public and community facilities. In Berkeley, tax increment financing is currently included in the official proposal to finance low-moderate income cooperative housing for the Sava Island Project. This project is considered as relocation housing for the industrial park development and as such may use tax increment funds from the industrial park development.

A project utilizing tax increment financing was proposed several years ago in South San Jose. The developer proposed designating the site as "blighted" and reviewing it with a mixed-use project incorporating commercial uses and houses for low and moderate income families. The city denied approval; subsequently, the developer lost interest and the project died. Today, the commercial development exists without the low-moderate housing so critically needed.



COST:

Staff time to coordinate.

RESPONSIBILITY:

County and cities.

TIME FRAME:

Immediate, with all redevelopment projects.

REINSTATE SECTION 23 (LEASED HOUSING PROGRAM)  
OR MODIFY SECTION 8 (RENT SUPPLEMENT PROGRAM)

Effect: To achieve an  
adequate housing supply for  
those below median income

PROBLEM:

In Santa Clara County, the Section 8 program has been unworkable insofar as families have been concerned.

RECOMMENDED ACTION:

*Urge reinstatement of the Section 23 leased housing program which allowed the County Housing Authority to negotiate for housing for eligible households and to perform management functions for landlords; or, include such provisions in the Section 8 program.*

The Section 8 program has been unworkable for families because landlords are unwilling to accept families when the Housing Authority is not allowed to provide management services. Furthermore, families have been unable to locate housing without assistance from the Housing Authority. The Housing Authority must be permitted to take an active role if the assistance for families in existing housing is to be used. The Housing Authority must be funded if it is to assume this role.

COST:

Staff and Supervisors' time.

RESPONSIBILITY:

County (with cooperation from cities) and federal government.

TIME FRAME:

Immediate. Direct staff to identify appropriate time, prepare materials, and assist Supervisors in lobbying.

INCREASE SUBSTANTIALLY HOUSING ASSISTANCE  
BY STATE AND FEDERAL GOVERNMENTS

Effect: To achieve an  
adequate housing supply  
for those below median  
income

PROBLEM:

Expanded assistance and other programs are needed if there is to be a just and lasting solution to the housing problem. The federal and state governments have the greatest powers to raise that financing equitably.

RECOMMENDED ACTION:

*Urge more adequate funding for housing programs by state and federal governments.*

COST:

Staff and Supervisors' time.

RESPONSIBILITY:

County (with cooperation from cities) and state government.

TIME FRAME:

Immediate and continuous until crisis resolved.

PASS GENERAL OBLIGATION BONDS FOR CALIFORNIA  
HOUSING FINANCE AGENCY (CHFA)

Effect: To achieve an  
adequate housing supply  
for those below median  
income

PROBLEM:

The state cannot have an appreciable impact on the housing problem unless it provides greater financing for housing construction at lower interest rates.

RECOMMENDED ACTION:

*The Governor should be urged to provide leadership in securing passage of general obligation bonds to finance activities of the CHFA.*

When general obligation bonds were on the ballot in 1976, the Governor never spoke to the issue during the campaign. The state provides no subsidies for housing and the direct lending program of the CHFA does not directly address the needs of low or moderate income persons because construction costs for new building are not lowered enough by present interest rates. General obligation bonds have been authorized by the legislature and would help lower the cost of new construction. They have not yet been approved by the electorate.

COST:

Staff and Supervisors' time.

RESPONSIBILITY:

County (with cooperation from cities) and state government.

TIME FRAME:

Immediate.



REMOVE ARTICLE 34 FROM THE STATE  
CONSTITUTION OR AMEND IT

Effect: To achieve an  
adequate housing supply  
for those below median  
income

PROBLEM:

Needed public and assisted housing has not been built because of the requirement of a vote by the electorate whenever low rent housing is to be developed, constructed or acquired by any city, county or other state public body.

RECOMMENDED ACTION:

*Article 34 should be removed from the constitution or amended so that, rather than requiring referenda, there would be provision for a referendum on petition of 10% of the registered voters in the community. Or, it could be amended so that a vote would be required only for government-owned and managed housing projects.*

Article 34 was originally intended to prevent traditional "public housing," owned and managed by government or government agencies without the specific approval of the voters in the community where it would be located. Court interpretation of the overly broad language of the Article now includes housing financed by the California Housing Finance Agency even if it is privately owned and managed, or houses families and individuals with a wide range of income, including those who must pay full rent.

No vote of approval is required for large tracts of privately financed and developed market housing, which may have much greater impact on the community in which it is located, because of the size, location or particular environmental factors.

COST:

Staff and Supervisors' time.

RESPONSIBILITY:

County (with cooperation from cities) and state government.

TIME FRAME:

One year or more until resolved.

PERMIT USE OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
FUNDS FOR CONSTRUCTION OF HOUSING

Effect: To achieve an adequate housing supply for those below median income

PROBLEM:

Present permitted uses of CDBG funds are too restrictive in areas where the bulk of the housing supply is of recent origin.

RECOMMENDED ACTION:

*Seek amendment of federal prohibitions on use of CDBG funds so they can be used for construction and/or purchase of existing housing for long-term use by low and moderate income households in areas where the housing supply cannot be increased appreciably by rehabilitating abandoned housing.*

In keeping with the overall national housing strategy of making better use of existing housing stock, the Housing Act of 1974 has been implemented chiefly with subsidies for use in existing housing and CDBG funds to bring deteriorating neighborhoods and the housing in them to decent standards of habitability. For the nation as a whole, this makes good sense. However, there are exceptions in areas of the country where most of the growth in population and housing stock has taken place since World War II. In such areas, deteriorated housing and neighborhoods may be a small percentage of the total housing and may be scattered so that concentrated rehabilitation programs and neighborhood preservation are not as usable as in older eastern cities. The result may be that rehabilitation and subsidies in existing units, although they help the immediate recipients, have the ultimate effect of further raising housing prices. Rehabilitation also depletes the already scarce stock of housing affordable by those with low and moderate incomes.

In this situation, which exists in much of Santa Clara County, there is need for more construction and/or purchase of housing so that it can be held indefinitely in the low income stock. The only way in which CDBG funds can now be used to permanently reduce housing prices is for landbanking for subsidizing housing development. But, if land is purchased for subsidized housing and subsidized construction programs remain as limited as they have been during the past year, the purpose of landbanking will be thwarted. Therefore, pressure must be brought on the federal government to expand use of CDBG funds.

COST:

Staff and Supervisors' time.

RESPONSIBILITY:

County (with cooperation from cities) and federal government.

TIME FRAME:

Six months and continuous until resolved.

REVIEW AND COMMENT ON STATE AND FEDERAL  
LOAN AND GRANT APPLICATIONS

Effect: To increase  
overall supply of housing

PROBLEM:

County comments on applications for state and federal grants currently do not consider conformity of local governments' economic development and housing policies and actions with County housing policy.

RECOMMENDED ACTION:

*Review all grant or loan applications made by governments in the county for conformity with county housing policy. Where a city has made no effort in good faith toward the provision of their fair share of needed housing, note this and argue for refusal of all applications made by that city.*

*After project monies are granted, the County should monitor the projects for consistency with state policies.*

Housing policies are adopted by local governments as part of their housing elements, which are required portions of their general plans. Actual practices by the governments give evidence of a large discrepancy between the goal and the implementation.

COST:

Staff time.

RESPONSIBILITY:

County and ABAG

TIME FRAME:

Immediate.



IDENTIFY AND PUBLICIZE POTENTIAL SITES  
FOR NEEDED HOUSING

Effect: To increase overall  
supply of housing

PROBLEM:

Land for needed housing units is in short supply. Housing development in more built-up parts of the county is proceeding at a slow pace, partially due to the difficulty of finding appropriate sites.

RECOMMENDED ACTION:

*Initiate a program to identify and maintain an inventory of sites appropriate for needed housing development.*

Site identification should be an on-going process. It should be undertaken by the County working in close cooperation with the cities. Particular attention should be given to all publicly owned land which could potentially be made available for housing. The site inventory should be maintained both at the County and in the city planning departments to ensure easy access for parties seeking development sites.

COST:

Staff time.

RESPONSIBILITY:

The County and the cities.

IMPLEMENTATION STEPS:

Direct staff to initiate the effort by defining work program and seeking needed cooperation of cities and other public agencies.

TIME FRAME:

Two months.

## STREAMLINE HOUSING APPROVAL PROCESS

Effect: To increase overall supply of housing

PROBLEM:

Currently, it takes from 9 to 18 months to get a standard housing development approved even though the proposal conforms to adopted planning and zoning. Innovative residential projects generally take even longer.

RECOMMENDED ACTION:

*Direct staff to work with cities to identify and eliminate needless delays in gaining approval for housing projects. Emphasis should be given to priority processing for development designed to meet recommendations in this report.*

Among the housing projects which should be given priority processing are ones which provide needed affordable housing, including proposals for mixed residential and commercial or industrial use, for greater intensity of use with housing in builtup areas, for infilling on vacant urban sites and for multi-family units. Proposals which make better use of land should be promoted.

Direct staff to examine the utility of preparing master environmental impact reports for residential areas.

This would speed processing time for each specific housing development proposal within a reviewed area. It is the understanding of the Task Force that environmental review of each proposal would still take place and be as thorough as warranted by specific conditions.

COST:

Staff time and/or a consultant.

RESPONSIBILITY:

County and cities.

TIME FRAME:

Immediate.

REVISE DEVELOPMENT FEE STRUCTURE TO ENCOURAGE  
INNOVATIVE AND MULTI-FAMILY DEVELOPMENT

Effect: To increase overall  
supply of housing

PROBLEM:

Permit fees, development taxes and connection charges encourage single family residential development and discourage multi-family residential development. These costs are more easily passed on to the single family home purchaser than they can be in multi-family developments. Because these factors tend to reduce potential for profit on innovative and multi-family housing developments, fewer of these projects are built.

RECOMMENDED ACTION:

*Review development fees in light of housing policies. Total fees collected should recover costs according to adopted city and County policy and should promote innovative and multi-family development while maintaining adopted city and County policy of recovering cost.*

COST:

Staff time and/or consultant.

RESPONSIBILITY:

County and cities.

TIME FRAME:

Three months.

ADOPT A MODEL ORDINANCE TO PREVENT UNREASONABLE  
DISCRIMINATION AGAINST FAMILIES WITH CHILDREN

Effect: To eliminate  
housing discrimination

PROBLEM:

It is difficult or impossible for families with children to find adequate rental housing.

RECOMMENDED ACTION:

*The County Supervisors should adopt an ordinance prohibiting discrimination against children in the rental of any housing units. Necessary exceptions ensuring fairness and health and safety standards will be included.*

Rental options for families with children are becoming fewer and fewer as increasing demands for rental units are made by persons without children. As the cost of housing continues to escalate and vacancy rates remain very low, landlords opt to rent to childless tenants, believing that children are more destructive or noisy or otherwise undesirable.

More and more families must seek housing on the rental market. Families must be assured of the right to rent where they choose. They must be able to determine the best housing for their dollars and their family needs. If we are to encourage workers to live near their jobs, housing near those jobs must be available to all workers with children.

An ordinance adopted by the County and its cities could help in assuring adequate housing opportunities for families. A wider choice may very well enable a distribution of families with children rather than a preponderance in a few locations. New construction of rental units should be designed to address the needs of children.

COST:

Negligible.

RESPONSIBILITY:

County or joint county/cities.

IMPLEMENTATION STEPS:

The Board should direct the County Counsel to prepare and adopt an ordinance and should advocate adoption of similar ordinance by cities.



TIME FRAME:

Immediate.

## ENFORCE FAIR HOUSING LAWS

Effect: To eliminate  
housing discrimination

PROBLEM:

Illegal discrimination continues to be practiced in Santa Clara County, depriving families and individuals of their civil rights and needlessly complicating the housing problem.

RECOMMENDED ACTION:

*The County must extend to all residents and prospective residents the necessary services to identify and challenge illegal discrimination.*

Although existing state and federal laws prohibit racial, ethnic, sex, and marital status discrimination in housing, people who believe they have been discriminated against usually need assistance to verify the complaint and seek enforcement of their civil rights. This assistance should be provided as well as programs to educate local officials and members of the housing industry. Informing people about the protection offered by the laws will be an essential part of this service.

This is included as one service of the Housing Services Program, Recommended Action #V A1, page 102.

COST:

Included under Housing Services Program.

RESPONSIBILITY:

County.

TIME FRAME:

Immediate.

## MONITOR FAIR HOUSING PRACTICES

Effect: To eliminate  
housing discrimination

PROBLEM:

Many citizens are unaware of the existence of discrimination and laws prohibiting it. Many elected officials are unaware of the extent of discrimination within their own jurisdictions.

RECOMMENDED ACTION:

*The County must monitor fair housing practices throughout the County.*

Continual monitoring will provide information about the extent of illegal discrimination and can be used in the development of educational programs.

This is included as one of the services of the Housing Services Program, Recommended Action #V A1, page 103.

RESPONSIBILITY:

County.

COST:

Included in Housing Services Program.

TIME FRAME:

Immediate.

REPEAL PRE-EMPTION CLAUSE IN RUMFORD  
FAIR HOUSING ACT

Effect: To eliminate  
housing discrimination

PROBLEM:

The state claims pre-emption in this field but has not effectively fulfilled its responsibility. Local conditions vary and demand sensitive measures to realize the goal of eliminating discrimination.

RECOMMENDED ACTION:

*Remove the pre-emption clause from the Rumford Fair Housing Act so that local governments can take action to extend or increase the coverage of state law but not to weaken it.*

Local governments need the freedom to act in ways that will be more effective than the state has been. Until this is possible, state law makes it impossible for counties and cities to eliminate discrimination from their jurisdictions. Neither the state nor federal governments are providing effective law enforcement.

COST:

Staff and Supervisors' time.

RESPONSIBILITY:

County (with cooperation from cities) and state government.

TIME FRAME:

Immediate and continuous until achieved.



## ESTABLISH A COUNTYWIDE HOUSING SERVICES PROGRAM

Effect: To provide necessary  
housing services

### PROBLEM:

Minority and low/moderate income people are severely disadvantaged in the current Santa Clara County housing market due to illegal discrimination, tenant/landlord problems, and the limited and piecemeal nature of existing housing assistance programs.

### RECOMMENDED ACTION:

*The County should assume overall responsibility for the development of a comprehensive housing service program. This program should provide the following services:*

- Enforcement of Fair Housing Laws: Although existing state and federal laws prohibit racial, ethnic, sex, and marital status discrimination in housing, people who believe they have been discriminated against usually need assistance to verify the complaint and seek enforcement of their civil rights. This assistance should be provided as well as programs to educate local officials and members of the housing industry. Informing people about the protection offered by the laws will be an essential part of this service.
- Monitoring Fair Housing Practices: Continual monitoring will provide information about the extent of illegal discrimination and can be used in the development of educational programs.
- Tenant/Landlord Counseling: Information about tenants' and owners' rights and responsibilities will be provided to people with questions about any aspect of the rental situation.
- Tenant/Landlord Mediation (Hearing) Committee: Mediation will be available to facilitate communication between tenants and landlords who wish to resolve their difficulties cooperatively.
- Homeownership Counseling: Default counseling will be provided as well as pre-purchase counseling for prospective homeowners.
- Resource Assistance: Programs to provide research, data collection and development assistance will be undertaken. Assistance will also be available to help lower income people identify and apply for state and federal housing assistance programs.

There is a serious need for emergency housing and rental vacancy listing services. We suggest that these areas be explored as separate service programs.

Numerous documents, including the Housing Element of the County General Plan, clearly describe the county's housing need and prescribe County responsibility for providing services necessary to assist with the "social concerns in housing," and work for increased housing opportunities.

Presently, several cities in the county, largely through contracts with private organizations, offer some forms of assistance to their residents. However, the city's commitment and the kinds of services being provided, vary widely; thus, some parts of the county receive excellent service while other areas are only minimally served. It is essential that a partnership arrangement between the County and the cities be implemented. However, the component system, utilizing the existing public and private community-based housing service providers must be retained to avoid the loss of contact caused by too centralized a service and to preserve existing volunteer efforts.

COST:

Staff and office overhead.

RESPONSIBILITY:

County.

IMPLEMENTATION STEPS:

Board adopts concept and directs Executive's Office to draw up a budget and explore shared funding with cities.

TIME FRAME:

Immediate.

UTILIZE A COUNTYWIDE MARKS-FORAN BOND FOR HOUSING  
REHABILITATION

Effect: To preserve the  
housing supply

PROBLEM:

Since 1973, only one governmental entity (San Francisco) has taken advantage of the housing rehabilitation opportunities available through Marks-Foran bonding. Although other cities and counties around the state are investigating its potential use in their area, this resource is underutilized. Both the County and the City of San Jose have done some analysis on the use of this tool in Santa Clara County. The process necessary to set up the Marks-Foran bonding rehabilitation program is complicated and time-consuming. The problem of limited availability of staff to pursue this has resulted in this potential resource not being utilized.

RECOMMENDED ACTION:

*The County should act as a facilitator for the issuance of Marks-Foran bonds for a joint city/county program. These bonds would make money available for low interest housing rehabilitation loans.*

Because of the complications and duplication of setting up many individual Marks-Foran funded programs, the County should enter into agreement with the cities to prepare the groundwork for a joint effort in all cities and the unincorporated areas of the county. The County will assign the necessary persons to the task of setting up the program, working with local lending institutions on the bonds and/or notes, developing agreements with the cities, and coordinating the administrative structure with the CDBG program. The final result will be to authorize the issuance of Marks-Foran bonds by the County Supervisors after the city/County agreements have been finalized.

COST:

Two full time staff for one year with consultant and appropriate followup. Potential sources of funds are CDBG monies and city and County revenues.

RESPONSIBILITY:

The County will act as facilitator and undertake the task of setting up the program on a countywide basis. The cities will be responsible for carrying out their portion of the program in their city based upon the agreed-upon administrative structure.

TIME FRAME:

Nine to fifteen months.



## BRING ABOUT LOCAL GOVERNMENTAL ACTIONS AGAINST REDLINING

Effect: To preserve  
housing supply

PROBLEM:

Flow of residential investment money to support many older and minority neighborhoods has been restricted.

RECOMMENDED ACTION:

*County should monitor residential lending patterns for redlining practices. The cities and the County should selectively use the leverage they have with local banks as a result of deposits to encourage innovative home loan and mortgage programs for conservation, rehabilitation, and construction of housing for low and moderate income persons.*

Redlining practices, although unlawful, still exist to some extent. Banks are developing special loan programs for previously high-risk areas. The need for such programs is evident especially for rehabilitation areas, but programs do not yet meet existing needs.

Cities and counties have on deposit with banks very large amounts of money. As a condition for continued deposit of its funds, the city or County can exert influence for bank policy changes such as affirmative action and the halt of "redlining" practices. Cities and counties can also call for the use of funds for rehabilitation on loans or for financing of federally insured projects for low and moderate income households.

COST:

Staff time to develop criteria; researching bank programs.

RESPONSIBILITY:

Cities and County.

TIME FRAME:

Immediate review of lending policies of banks where County funds are deposited. Six months to review other banks and decide on placement of County funds.

ENCOURAGE CITIES TO PRESERVE EXISTING STOCK  
WHILE REZONING FOR INCREASED SUPPLY

Effect: To preserve supply

PROBLEM:

It is estimated that roughly 15,000 housing units in this county are in need of major rehabilitation. Many more are deteriorating because of lack of upkeep and will require future rehabilitation unless efforts are made to preserve them. Property taxation and zoning regulations in many cases deter owners from maintaining their housing in sound condition.

RECOMMENDED ACTION:

*The County should work with cities to facilitate the preservation of existing housing units. Measures such as greater use of local funds, use of Marks-Foran Bond money, revision of local building codes and zoning regulations to allow rebuilding of sound structures which fail to meet code or ordinance requirements because of factors like room dimensions or lot size should be adopted where appropriate by the cities. Measures should be sought to delay property tax increases due to rehabilitation.*

COST:

Staff time.

RESPONSIBILITY:

County and cities.

TIME FRAME:

Six months.

CARRY OUT APPROPRIATE CODE ENFORCEMENT  
IN NON-CITY AREAS

Effect: To preserve the  
housing supply

PROBLEM:

No active code enforcement program now exists for housing in unincorporated areas. Many serious health hazards about which complaints have been received remain.

RECOMMENDED ACTION:

*The County should develop an appropriate code enforcement program for unincorporated area housing consistent with need to keep housing affordable.*

Comprehensive code enforcement without adequate rehabilitation subsidies can have a negative impact, raising shelter cost beyond the means of present residents. But when the County receives notice of housing conditions which threaten the health and safety of residents, inspectors should be available to pursue needed repairs.

COST:

Inspection staff or cooperative agreement with cities' code enforcement departments.

RESPONSIBILITY:

County or County and city under joint powers agreement.

TIME FRAME:

Immediate.

PUBLICIZE STATE LAW CHANGES WHICH FACILITATE  
LESS COSTLY REHABILITATION

Effect: To preserve the  
housing supply

PROBLEM:

Needed rehabilitation which might otherwise occur has not, because many property owners are unaware of certain exceptions to building code requirements enacted in 1975.

RECOMMENDED ACTION:

*Publicize appropriate provisions of state law which encourage more housing rehabilitation.*

In the past, when the cost of rehabilitating a housing unit exceeded 50% of the value of the structure, full compliance with the adopted Uniform Building Code (UBC) was required by state law. This often increased the cost of the finished unit substantially. The law was changed, effective in 1975, to allow exceptions to the UBC which are not a threat to health and safety to remain after rehabilitation. Wide recognition of this change would promote useful and less expensive repair of the housing stock. See Information Bulletin SHL 76-3. (See Attachment D).

COST:

Staff time.

RESPONSIBILITY:

The County and the cities.

IMPLEMENTATION STEPS:

Board direct staff to initiate effort in cooperation with the cities.

TIME FRAME:

Immediate.



## ATTACHMENTS

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b. Transportation Agency Memorandum, May 31, 1977 . . . . .	113
c. "Current Federal, State and Local Housing Programs," California Statewide Housing Plan, 1977. . . . .	114
d. Department of Housing and Community Development, "Rehabilitation of Existing Dwelling Units," Information Bulletin, SHL 76-3 . . . . .	119
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g. Chart 10: Projected Changes in Population, Housing Units, Employment, Employed Residents, and Manufacturing/Industrial Employment by City, Santa Clara County . . . . .	126
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# memorandum

## ATTACHMENT A



TO	Board of Supervisors	FROM	Dan McCorquodale
SUBJECT	Santa Clara County Housing Task Force	DATE	December 3, 1976

I recently had the opportunity to discuss the various planning efforts within our county with the Inter-City Council. A central concern emerged there and since has gained greater notice as a subject for indepth study and deliberation.

Housing, the cost of it and its availability, is something on which we should put some minds to work. I propose that the Board of Supervisors establish a task force composed of representatives of banking, labor, builders, community groups, cities, planners, economists, employment development and transportation experts and environmentalists to study the following topics and to make policy recommendations where appropriate:

- 1) Where new people to our county will live
- 2) Cost of housing, current and future projections
- 3) Cost of energy to maintain households
- 4) Affect of housing patterns on transportation planning and spending
- 5) Review current land use planning policies of the cities and county, and their potential affects on housing
- 6) Incentives to locate and construct low income housing
- 7) Review legislation affecting housing and construction
- 8) Home rehabilitation program possibilities
- 9) Affects of housing on economic segregation
- 10) Impact of housing patterns on school and special districts
- 11) Types of housing for the future
- 12) Affect on employment
- 13) Assess housing needs
- 14) Planning for construction when building should take place with special consideration for its impact on the work force
- 15) Potential for county role in policy deliberation concern housing

It is my view that this task force, its activities co-ordinated with Board direction, can engage the cooperation of the many influences on housing in our county and make sound recommendations in this field of ever increasing concern.

# memorandum



TO	Board of Supervisors	FROM	Dan McCorquodale
SUBJECT	Santa Clara County Housing Task Force Page 2	DATE	December 3, 1976

This memo recommends the establishment of a Santa Clara County Housing Task Force and requests that members be appointed by individual Board members, perhaps five members by each for a total of twenty-five, and that county planning specialists be authorized to assist the Task Force's efforts.

DM:JE/lj



TO	FROM	Associate
Lou Montini, Deputy Director	David Minister, Transp. Engr.	
SUBJECT	DATE	
Working Paper on Housing Supply	May 31, 1977	

P. 9 Transportation: Suggest replacing entire paragraph, for which we can find no basis or supporting evidence, with the following:

"Infilling would tend to shorten the length of home-to-work trips projected for 1990, and would therefore lessen the amount of peak-hour travel on the County's freeways and expressways. Presently, the average intra-Santa Clara County work trip length is estimated to be 7.5 miles; by 1990 this average trip length is expected to grow to 8.5 miles. (1) What this means is that the expected 200,000+ increase in new jobs and workers will travel an average of 11.1 miles between home and work compared to today's 7.5 miles, a 47% increase in trip length. (2) This is hardly surprising when one considers the location of existing and projected jobs in relationship to the location of new housing. Taking Oakmead Industrial Park, located near the intersection of Lawrence and Central Expressways as the approximate geographic center of employment in Santa Clara County for 1990, infilling in existing residential areas would result in 5 to 10 mile work trips, while expanding residential areas in South San Jose and South County would result in 12 to 25 mile long work trips. To the degree that housing is not available within Santa Clara County, either even longer work trips from other counties will be required or the jobs will locate elsewhere where housing is available nearby."

P. 10 Transportation: Suggest replacing this paragraph, for which we can find no basis or supporting evidence, with the following.

"Replacement of existing housing with higher density housing in existing residential areas which are already adjacent to commercial and employment centers vs. building new residential subdivisions in outlying areas, such as South San Jose and South County, will affect the choice and feasibility of transportation modes. If a residential unit is built in an already established residential area which can be well-served by public transit at reasonable costs to government, that residential unit may very well choose to make 3 to 4 of its 10 to 12 daily trips by transit and the rest by automobile. If that same residential unit were built in a brand-new, outlying area which would be difficult to serve by transit at reasonable costs, most likely all 10 to 12 daily trips made by that unit will be by auto. Thus, residential units built in existing built-up areas may find it unnecessary to keep a second or third car around when its occupants can depend on public transit for 25 to 35 percent of their daily travel needs."

1. From travel demand forecasts made for the Light Rail Feasibility and Alternatives Analysis Study by De Leuw, Cather & Co., 1976.
2. 525,000 jobs in 1976 x 7.5 miles avg. work trip length = 3,937,500 miles. 725,000 jobs in 1990 (est'd) x 8.5 miles avg. work trip length = 6,162,500, an increase of 2,225,000 miles. 2,225,000 work trip mile increase, 1976-90, divided by 200,000 new jobs, 1976-90, = 11.1 miles avg. work trip length.



## ATTACHMENT C

### Appendix A: Current Federal, State and Local Housing Programs

#### FEDERAL

The federal government began a major commitment to housing with the passage of the Housing Act of 1937 and the Housing Act of 1949, and later amendments, and more recently with the passage of the Housing and Community Development Act of 1974.

#### Housing and Community Development Act of 1974

The primary objective of the Community Development Program is the development of viable urban communities including decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.

This omnibus legislation replaced and consolidated a number of existing programs of categorical grants to cities and counties. Entitlement funds are available to all cities with 50,000 population and counties with 200,000 or more. Discretionary funds are available to other metropolitan and rural areas on an application basis. "Hold-harmless" funds are provided to jurisdictions with programs sponsored under previous federal legislation, for the purpose of completing approved projects.

Title II, Section 8 is a new federal rental assistance program. It provides annual contributions to local housing authorities and other nonprofit sponsors for reducing rents for low and moderate income persons. Eligible families or persons pay a rent equal to 15-25 percent of their adjusted income.

#### HUD - Public Housing Programs

The U.S. Housing Act of 1937 was the foundation of federal housing legislation and has been amended over the years to reflect changing social concerns and production goals. This Act provides annual federal contributions directly to local public housing authorities for development or leasing of multi- and single-family dwellings. In turn, these units are rented to eligible low income families and elderly persons at rental rates not to exceed 25% of their adjusted incomes.

#### Section 236 - Rental or Cooperative Housing for Lower Income Families

Provides federal assistance to sponsors of rental and cooperative housing for lower income families in the form of periodic payments made directly to the mortgagee in order to reduce the owner's interest cost on a market rate HUD-FHA insured mortgage. The aim of this program is to stimulate the production of subsidized housing by private industry.

### Section 235 - Homeownership for Low Income Families

Provides interest reduction payments in order to lower the housing costs of lower income families attempting homeownership or membership in a cooperative association operating a housing project. The homeowners must pay at least 20% of adjusted monthly income on housing costs.

### Section 202 - Senior Citizen Direct Loan Housing

This program provides direct federal loans at below-market interest rates to nonprofit sponsors for the construction or substantial rehabilitation of rental housing for the elderly and handicapped. Section 8 rental assistance may be used with these projects.

### Section 312 -- Rehabilitation Loan Program

Provides direct 3% HUD loans to eligible homeowners residing in local government neighborhood preservation areas. Loans are for rehabilitation meeting objectives of local plan and code compliance.

## FARMERS HOME ADMINISTRATION

### Section 502 - Rural Homeownership Loans

Provides direct loans for individuals at market interest rates (8½% as of 12/76) over 33-year term with no downpayment. Loan may be used for purchase of newly constructed or existing houses. Loan also can be used to bring substandard house up to standard. For applicants whose adjusted income is under \$8,500, the interest rate on the loan can be reduced to as low as 1% through interest credit payment by FmHA.

### Sections 514 and 516 -- Farm Labor Housing Loans and Grants

Section 514 provides direct loans for 33 years at 1% to farmers, farmowner associations, and nonprofit or public agencies for construction of farmworker family rental housing. Section 516 provides grants for up to 90% of cost to nonprofit or public agencies for farmworker housing. Rents are set to cover operating expense, debt service and operating reserve.

### Section 515 -- Rural Rental Housing

Provides direct loans at market rate to private developers, nonprofit organizations, and local public housing authorities for construction, purchase or substantial rehabilitation of multi-family rental housing for low income and elderly households. Interest subsidies are available when tenants qualify. Negotiations to use the HUD Section 8 rental subsidy program together with this program are under way between the HUD and Agriculture Departments.

B. California Housing Finance Agency

California Housing Finance Agency also operates multifamily direct lending programs for production of housing for low and moderate income households. Currently, site approval or loan commitments have been given for 26 projects of 2,445 units with an estimated cost of \$60,060,000.

C. Cal-Vet

The Cal-Vet loan program, established by the Legislature in 1921, provides long-term housing loans at low interest rates for California veterans. Bonds voted by the people have been sold at intervals to provide funding for the program. Interest rates are set from time to time at the lowest levels that will cover all costs of the program. Currently, 114,000 veterans have Cal-Vet loans in the amount of \$135 billion.

Theme III - Help Lower Income Californians Obtain Adequate Housing  
In Satisfying Neighborhoods

A. Department of Housing and Community Development

The Department operates a \$120,000 grant program for direct funding of local housing counseling agencies to provide comprehensive counseling of low-income households, thereby aiding them in obtaining or maintaining decent and safe housing. (SB 33, Chapter 1064 of 1975)

This action also affects Theme IV below.

Through a five-year, \$20 million contract with the U.S. Department of Housing and Urban Development (HUD) for a Section 8, "housing assistance payment program", the Department provides subsidies for 1,800 units of existing housing. 1,500 units were allocated to the State Aftercare Program (for several classes of disabled persons) and 300 units were designated for small towns and rural areas to qualifying households of very-low and low income.

The Division of Community Affairs assists local communities and sponsors to develop local housing projects utilizing federal funds.

AB 3623, Chapter 1335 of 1976, establishing a revolving predevelopment loan fund of \$500,000 to be administered by the Department of Housing and Community Development to help nonprofit corporations and local governments meet the "seed money" costs of developing housing for low income persons in rural areas.

B. California Housing Finance Agency

California Housing Finance Agency has the power to administer, and has applied for, federal Section 8 Housing Assistance funds in order to lower rental costs for a portion of the residents in its direct lending developments.



## B. California Housing Finance Agency

The California Housing Finance Agency, created by the Legislature in 1975, has a broad range of powers to finance housing development and rehabilitation. Within designated "Neighborhood Preservation Areas", it will operate programs designed to provide local governments with CHFA-administered or-generated financial assistance ranging from direct loans to mortgage insurance.

The CHFA is also authorized to guarantee bonds and to insure loans for rehabilitating existing housing; a \$5 million appropriation to a Rehabilitation Insurance Fund to back such bonds and loans was made by SB4x (1975), and SB 1810 (Chapter 1342 of 1976) appropriated another \$5 million to the fund.

## C. Veterans Home and Farm Purchase Loans (Cal-Vet)

The Department of Veterans Affairs is "...in the process of implementing a conditional commitment program which will allow Cal-Vet loans to be used to purchase and rehabilitate homes in need of refurbishment. This program is aimed at the inner cities, although it will be available in any location where extensive repair is needed to bring a structure up to acceptable health and safety standards. Also, ... (Cal-Vet is) making available improvement loans to those Cal-Vet purchasers who have homes in need of upgrading to comply with current health and safety codes or for energy conservation installations."

## D. The Legislature

The Marks-Foran Residential Rehabilitation Act of 1973 gave to local governments with populations of 600,000 or more the power to issue revenue bonds for the purpose of making loans for residential rehabilitation. In 1974, the Marks-Foran Act was amended to extend this power to all local governments regardless of size.

The Legislature passed in 1976 a series of bills that made substantial changes in the California Community Redevelopment Law in order to focus redevelopment activities in areas of most need. Specifically, AB 3672, among other things, tightened the definition of blight which is the basis for establishment of a redevelopment area.

## Theme II - Promote Needed New Housing and Slow Its Rising Cost

### A. Department of Housing and Community Development

The Department's Research and Policy Development Division maintains and analyzes current information on housing market trends.

The Department's Codes and Standards Division encourages use of mobile-homes and factory-built housing, and continuously monitors the effect of code standards on housing costs.



## Section 523 -- Rural Housing Site Acquisition Assistance

Provides direct loans at market rate to nonprofit organizations for the purpose of acquiring, developing and subdividing, for home construction, lands to be sold on a nonprofit basis to eligible families and cooperatives. This program is usually run jointly with 523 technical assistance grants and 502 home purchase loans.

### STATE

The State government has a variety of important tools to affect the provision of housing and, with the passage of the Housing and Home Finance Act of 1975 (ABlx), the State expressed a major new commitment to the solution of housing problems. The State affects housing by regulation, including building standards, by income and property taxation, by providing or funding roads, water and other essential types of infrastructure, by technical assistance and information, and by regulation of local government with regard to all of these items. While many of the State's actions impinge indirectly on housing issues, the primary direct housing actions of the State are undertaken by the CHFA, HCD, Cal-Vet, FEPC, and the Legislature.

The major activities of each of the key State agencies is presented below, in the same order as the five themes of the Statewide Housing Plan.

### Theme I - Conserve and Improve the Neighborhoods We Have

#### A. Department of Housing and Community Development

The Department of Housing and Community Development has a Division of Community Affairs, charged with providing assistance for local communities attempting to preserve and maintain their housing and sound neighborhoods. The Division has an urban section and a rural section.

The Division also has an Economic Development Section which provides technical assistance and loans to California cities with populations between 5,000 and 25,000 that are potentially eligible for special federal programs of economic development. Last year's program activities resulted in the creation of 894 new jobs in the private sector within five communities assisted by the Department.

The Department's Division of Codes and Standards is responsible for the development and enforcement of adequate building and housing standards, and the administration of regulations for special components of the housing industry, such as mobile homes and factory-built housing.

The Department's Research and Policy Development Division publishes regulations for the preparation of local housing elements which require local jurisdictions to assess needs for rehabilitation and conservation of their housing supply, and implement programs to meet defined needs. The housing element also influences Themes II and III below.

ATTACHMENT D

December 8, 1976

C O P Y

INFORMATION BULLETIN SHL 76-3

TO: BUILDING AND HOUSING OFFICIALS  
DIVISION STAFF

SUBJECT: REHABILITATION OF EXISTING DWELLING UNITS

This Department has become aware that the owners of many dwelling units have either delayed or abandoned rehabilitation projects rather than comply with the provisions of Section 104, Uniform Building Code.

Your attention is directed to Sections 17920(f), 17922(c), and 17958.8, of the State Health and Safety Code, which were amended through SB 2348, Chapter 1268 (Petris) 1974 Statutes. Under the new statutes, Subsections (a) through (f) of Section 104 of the Uniform Building Code are no longer applicable to dwelling occupancies in California. Any portion of an existing structure which is subject to the State Housing Law may now be altered or repaired, regardless of the value of the work or length of time involved, without the entire structure being made to comply with current codes.

The 1974 legislation amended the State Housing Law to specifically reject the concept of Section 104 of the Uniform Building Code. Collectively the above noted sections of the Health and Safety Code permit the replacement, retention, and extension of original materials and the use of original methods of construction provided the structure does not become or continue to be substandard. Further, the definition of the term "substandard building" was amended to read "a condition which would require displacement of sound walls or ceilings to meet height, length or width requirements for ceilings, rooms, or dwelling units shall not by itself be considered sufficient existence of dangerous condition making a building substandard."

You are urged to review your code enforcement policies towards the rehabilitation of existing dwelling units and to modify those policies, where necessary, to encourage the rehabilitation and preservation of California's existing housing stock.

Jesse C. Mc Elroy  
Deputy Director

C O P Y

JCM:BFC:or



# 'For Rent' Can Be An Empty Promise

## *Whites Are Welcome, Blacks Are Not*

More than one-third of 34 apartment complexes randomly selected in the San Jose area discriminate against potential black renters, according to a *Mercury News* survey.

Conducted by two reporters, one black and the other white, the survey concluded that apartment-hunting blacks often are turned away by apartment managers who erroneously inform them that they have no apartments to rent.

The reporters also learned of the subtle ways some apartment managers have of discouraging black apartment applicants including fictitious "waiting lists" of prospective renters.

At 13 of the 34 (38 per cent) complexes, black reporter Calvin Stovall was told either that there were no vacancies, there was a waiting list or that an apartment would not be vacant until a future date.

Reporter Bob Goligoski, on the other hand, was informed, when he showed up at each of the apartments some 30 minutes later, that apartments either were open for rental, there was no waiting list or an apartment would be vacant at a date earlier than that given Stovall.

By  
BOB  
GOLIGOSKI

and  
CALVIN  
STOVALL  
Staff Writers



Twenty-one of the apartment managers approached (62 per cent) did not discriminate between the two renters.

Fourteen of the complexes visited were in San Jose. Four appear to be keeping blacks out.

The other 20 apartment complexes are in Santa Clara, Sunnyvale, Los Gatos, Campbell, Los Altos, Mountain View, and Palo Alto. Nine of those appear to have a "blacks not wanted" policy.

The complexes ranged from

small four-unit buildings to sprawling apartment communities of 250 units.

Some were elegantly appointed and rented for \$450 a month while others were spartan, cubby-hole units that went for as little as \$150 monthly.

The apartment search was sparked by a housing report issued in April by the Santa Clara County Planning Department.

The report cited studies completed by the Midpeninsula Citizens for Fair Housing in 1970-72 which found that "from 40 to 60 per cent of apartment units in North Valley cities (Palo Alto, Cupertino, Sunnyvale and Mountain View) are under management practicing racial discrimination."

The two reporters did not try to rent on San Jose's East Side because, according to county housing officials, most of the city's 19,143 blacks (1975 census) live there and apparently rent apartments without difficulty.

Another 10,000 blacks live in other parts of Santa Clara County. The county has 1.2 million residents.

Both reporters were dressed similarly and usually wore suits. Both said they were married and had no children or pets.

The first apartment visited was a stylish four-unit apartment building on Saratoga Avenue in San Jose near Saratoga. A sign stuck in the front lawn advertised a two-bedroom apartment for rent.

Stovall was greeted at the door by a well coiffured, middle-aged woman who seemed to be highly irritated. Immediately, she informed him that the rent was \$400 a month.

When Stovall indicated that the rent was no problem and sought more information, she said the building was in escrow, she had no idea when the apartment would be ready for occupancy and directed him to another apartment building down the street with a "For Rent" sign out front.

Goligoski rang her doorbell 30 minutes later and

*"Most tenants have lived here  
eight or nine years, and I don't  
expect any of them to move."*

was invited inside to look at the two-bedroom apartment that was for rent. The rent was still the same (\$400), but she told him that he could move in "in two or three days as soon as I get all my things moved out."

The woman indicated she managed several buildings and was moving to another apartment. A sign on her window stated that she was a real estate agent.

Stovall tried two other apartment complexes in the neighborhood and was advised that apartments were available and he could move in promptly if he wanted to.

About a mile south of those apartments lies a string of apartment buildings on Atherton Avenue just off Saratoga Avenue. There were a number of "For Rent" signs up and down the block.

Stovall got a quick "Sorry, we're full" from the first apartment manager, a tall woman with blonde hair turning grey. She told him that there

were three people on a waiting list for the next available apartment and added that she didn't expect any apartments to open up soon.

When Goligoski rapped on her door a half-hour later, she told him that there was only one person on the waiting list and that one tenant was vacating an apartment in three weeks on July 15.

She cheerfully suggested that he check back about July 1 as other renters might turn in their notices by then.

Stovall, meanwhile, went to a nearby apartment with a "For Rent" sign over the main door.

Like many of the apartments visited, they were managed by an elderly couple.

Despite the sign out front, Stovall was told there were no vacancies. The woman noted that "most of the tenants have lived here eight or nine years and I don't expect any of them to move."

When Goligoski arrived later, the old man quickly showed him a newly carpeted two-bedroom apartment overlooking a sparkling swimming pool. There wasn't a piece of furniture in the apartment, and he was told he could move in the \$250 unit as soon as he desired.

The man also offered to show a vacant one-bedroom apartment.

As part of his rental pitch, the man declared that "we keep it nice and quiet here. We don't allow any rowdies in here."

After Goligoski promised that he would be a quiet tenant and had no stereo or noisy habits, the man sized him up carefully and said, "I think you look alright. I'd take you at face value."

The two reporters then drove to the Willow Glen area of San Jose. Streets there are mostly lined with older, well-kept houses, but numerous apartments are sprinkled along and near major thoroughfares such as Meridian Avenue.

Stovall stopped at four apartment complexes near Meridian and was advised that vacancies existed if he wanted to move in.

He also fared well at two apartments in the Hillsdale-Camden area and along Eden Avenue just north of Campbell where the "For Rent" signs sprout like weeds in front of rather rundown-looking apartment buildings.

A large 150-unit garden apartment complex near the corner of Winchester and Hamilton next attracted Stovall's attention. A sign by the main gate promised that one, two and three-bedroom units were available.

But not for Stovall.

An elderly woman in the manager's office told him "we don't have anything right now. Everything's full, and that's the way we like it."

It was mid-June, and she assured him that she wouldn't have any vacancies until the end of July.

When Goligoski stopped at the apartments a short time later, a crisp-talking, grey-haired man in the manager's office told him that an apartment would be vacant in two weeks on July 1 and he could have the \$240-a-month apartment then.

The man and his wife were typical of many other managers encountered in that they had moved to California from elsewhere to semi-retire and manage an apartment complex.

## The Long Waiting List

The next stop was at an apartment in San Jose across the street from Los Gatos. Stovall was told he could rent a vacant apartment and move right in.

However, apartment hunting in Los Gatos proved to be difficult for Stovall.

There was no ad in the newspaper nor "For Rent" sign on the lawn of one fashionable looking apartment complex in downtown Los Gatos, but Stovall decided to see if something might be available.

A woman, who said she managed the place with her husband, informed him that one couple was talking about moving out but hadn't given notice, and she didn't know when an apartment would open up.

She gave him a rental application to fill out. At the bottom, it stated that "we do not discriminate on the basis of race, color, religion, national origin, sex or marital status."

Her husband later told Goligoski that he could move into a one bedroom apartment (\$220 a month) in about 10 days on July 1 because a tenant had been evicted.

Stovall next encountered a smiling, 60ish woman who runs a medium-sized group of apartments near Lake Vasona in Los Gatos. She told him that one of her renters was leaving in about six weeks on Aug. 1, but she didn't want to take a deposit so far in advance of that date.

She told Goligoski she would have a \$285-a-month, two-bedroom apartment open for rental in two weeks on July 1. While showing him a clean, modern looking apartment beside a good-sized swimming pool, she stressed several times that "we keep it nice and quiet around here."

There aren't many blacks living in Los Gatos, and Stovall perhaps was finding out why. A 1975 census of the county gave the number of blacks living in Los Gatos at 29.

Stovall tried one more address in Los Gatos—a small group of apartments surrounded by trees just off University Avenue. A rental sign by the apartments offered one, two and three bedroom units for rent.

He was told rather rudely by the manager, again an elderly woman, that there were no vacancies, and she didn't know when any would be available. A three-bedroom apartment was advertised in newspapers.

Goligoski later was shown the three bedroom apartment. It was completely vacant, boasted a long fireplace, a view of an orchard and the Santa Cruz Mountains from the living room and went for \$295 a month.

The manager's husband assured Goligoski that he and his wife would love the apartment, "especially the tranquil atmosphere. There's no wild stuff around here. We don't tolerate it."

Several unsuccessful attempts were made to rent apartments in Saratoga, a community with numerous \$100,000-plus homes resting on large, wooded lots. Not many blacks live in Saratoga—only 40 were reported in the 1975 census.



Saratoga has very few apartments. Those that were located had neither "For Rent" signs posted nor signs indicating where the manager lived.

Campbell, on the other hand, has a plethora of apartments.

Many of them are just off Winchester Boulevard, an area where Stovall tried to rent two apartments.

A rotund, elderly woman told Stovall that the last of her 10 units had just been rented by a man who paid a \$50 deposit.

The woman appeared a bit suspicious when Goligoski rang her bell 30 minutes later. She informed him that a man had just put a \$50 deposit down on the last available apartment but added that "he's not sure that he wants it. Why don't you call back later and see if he changed his mind."

He called back the next morning and the would-be renter had changed his mind. She told Goligoski he could move into the unit in 10 days when the present tenant left.

Stovall had no difficulty renting an apartment at a second complex in the neighborhood.

Attempts were made to rent three apartments in Santa Clara.

One complex visited in southern Santa Clara was a ritzy maze of swimming pools, saunas, patios, whirlpool baths, fish ponds and cabanas.

A brisk-talking, middle-aged couple manage this complex from a tidy office off the main foyer.

The woman was alone in the office when Stovall walked in. She told him that an apartment would be vacant in about a month but that it would be taken by someone on a "long waiting list" who wanted into the apartments.

Stovall left the building but later returned when he realized he had forgotten to inquire about the availability of two-bedroom apartments.

Both the woman and her husband were in the office then. The man told Stovall that "I think we have something", but the woman quickly interjected that "no, that unit has been filled. We have nothing."

When Goligoski went to the apartments a half hour later, the "waiting line" had evaporated. He was shown a spacious two-bedroom apartment that was vacant and could be rented immediately for \$290. He was also told that a one bedroom apartment would be vacated in about three weeks, and he could have that apartment instead if he wanted a smaller unit.

Two nearby apartment complexes were willing to rent Stovall apartments.

Two apartment complexes were tested in Los Altos. One had no ad, no sign and no vacancies for either reporter. The second offered a luxury unit for \$450 a month which either reporter could rent.

The reporters next turned their attention to the Sunnyvale-Mountain View area.

Stovall was successful in trying to rent two apartments in Mountain View near El Camino Real.

But in a quieter residential area near Fremont Avenue in Sunnyvale, Stovall struck out.

*"We don't have anything right now. Everything's full, and that's the way we like it."*

There he visited an attractive, 200-unit group of apartments in a neighborhood of fine homes, swimming pools, tennis courts and parks. At the time, the complex was running ads in newspapers offering apartments for rent and had an "Apartments Available" sign staked out front.

The manager, a woman, told Stovall that she didn't have any apartments vacant and knew of no upcoming vacancies. She urged him to call back and check later and wished him "good luck."

Goligoski had to look no further to find his apartment. The woman took him through empty two and three-bedroom apartments which rented for \$230 and \$260. Both had fireplaces and views overlooking the swimming pool. Either could be rented immediately.

She later told Goligoski that the apartment would be vacant and ready for occupancy on July 23.

Stovall had no difficulty renting units at three other apartments in Sunnyvale.

Palo Alto proved to be a difficult place for Stovall to rent in a survey of three complexes there.

At the first place, a beautifully landscaped group of apartments near Arastradero Road and Foothill Expressway, Stovall rang the intercom buzzer. The manager, a woman who could see the intercom area from her office, told him that she had no vacancies and did not anticipate any.

When Goligoski told her over the intercom that he was looking for an apartment, she opened the door and showed him through two apartments that he could move into in about two or three weeks when tenants vacated. The two bedroom units rented for \$287.

A "For Rent" sign in front of a 26-unit complex near El Camino Real and Arastradero Road beckoned Stovall. But the manager, another elderly woman, told him that she had no vacancies and added, "You know these apartments are leased, and the tenants have to give 30-day notices."

The woman told Goligoski that a tenant was moving out in about three weeks on July 17 and that he could move into that \$350, two-bedroom apartment then if he so desired.

A tall, apartment complex nearby also had hung out its "For Rent" sign, so Stovall rang the intercom buzzer just outside the large, glass front door. There was no answer. The front door was visible from the apartment manager's quarters.

Goligoski hit the intercom buzzer, and the door was opened immediately. After initially regarding him with suspicion, the manager took him to a beautifully decorated and furnished one bedroom apartment that rented for \$325.

When Stovall returned to the apartment a little later, the door was opened, he was shown the apartment and told that it was still for rent.

That apartment was not added to the list of those that appeared to be discriminating against prospective black renters.

# ATTACHMENT F

## SAN FRANCISCO FAIR HOUSING FOR CHILDREN ORDINANCE

(As amended and passed on first reading by Board of Supervisors June 16, 1975; passed on second reading June 23, 1975; and passed 9-2 July 14, 1975 over Mayor Alioto's veto. AYES: Feinstein, Francois, Gonzales, Kopp, Mendelsohn, Nelder, Pelosi, Tamaras, von Beroldingen. NOES: Barbagelata, Molinari.)

THE ORDINANCE BECOMES LAW WEDNESDAY, AUGUST 13, 1975  
(30 days after final passage).

FILE NO 233-75

ORDINANCE NO 320-75

AMENDING PART II, CHAPTER VIII, SAN FRANCISCO MUNICIPAL CODE (POLICE CODE) BY ADDING ARTICLE 1.2 THERETO, PROHIBITING DISCRIMINATION AGAINST FAMILIES WITH MINOR CHILDREN IN THE RENTAL OR LEASING OF CERTAIN RESIDENTIAL PROPERTY: PROVIDING FOR PENALTIES FOR VIOLATIONS THEREOF; PROVIDING FOR EXPIRATION DATE; PROVIDING SEVERANCE CLAUSE.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Part II, Chapter VIII, San Francisco Municipal Code (Police Code) is hereby amended by adding Article 1.2 thereto, reading as follows:

### ARTICLE 1.2

#### DISCRIMINATION AGAINST FAMILIES WITH MINOR CHILDREN IN HOUSING

- Sec. 100. Findings.
- Sec. 101. Definitions.
- Sec. 102. Prohibited Activity.
- Sec. 103. Exemptions; Minimum Floor Area.
- Sec. 104. Tenant Age Policy Not Prohibited.
- Sec. 105. Requirements of Financial Obligations Not Prohibited.
- Sec. 106. Penalty.
- Sec. 107. Expiration Date.
- Sec. 108. Severance Clause.

SEC. 100. Findings. After public hearings with the reception of testimony and documentary evidence, we find that discrimination against families with minor children in the leasing or renting of housing accommodations exists within the City and County of San Francisco. We further find that the existence of such discrimination poses a substantial threat to the health and welfare of a sizable segment of the community, namely families with minor children.

We find that a shortage of housing suitable for families with minor children exists within the City and County. We further find that a low vacancy rate exists in all rental housing throughout San Francisco. The addition of discrimination against families with minor children to the above two factors creates an untenable situation for the children of San Francisco.



The overall effect of such discrimination is to encourage the flight of families from the City and to further diminish family-oriented neighborhoods. It has an overall detrimental effect on the composition of the City, the stability of neighborhoods, the preservation of family life within the City, the living conditions of our children, the quality of our schools, and the viability of children's activities and organizations.

This discrimination cuts across all racial, ethnic and economic levels.

SEC. 101. Definition: Housing Accommodation. Residential rental unit consisting of one or more rooms in which cooking facilities are available.

SEC. 102. Prohibited Activity. It shall be unlawful for the owner, lessor, lessee, sublessee, real estate broker, assignee, or other person having the right of ownership, the right of possession, or the right to rent or lease any housing accommodations, or any agent or employee of such person to:

(a) Refuse to rent or lease, or otherwise deny to or withhold from any person such accommodations because such person has a minor child or children who shall occupy the leased or rented premises with such person;

(b) Represent to any person because of the potential tenancy of a minor child or children that housing accommodations are not available for inspection or rental when such dwelling is in fact so available;

(c) Make, print, or publish, or cause to be made, printed or published any notice, statement, or advertisement, with respect to the rental of housing accommodations that indicates any preference, limitation, or discrimination based on the potential tenancy of a minor child or children;

(d) Discriminate against any person in the terms, conditions or privileges of the rental of housing accommodations or in the provision of services or facilities in connection therewith, because of the potential tenancy of a minor child or children;

(e) Refuse to rent after the making of a bona fide offer, or to refuse to negotiate for the rental of, or otherwise make unavailable or deny, housing accommodations to any person because of the potential tenancy of a minor child or children;

(f) Include in any lease or rental agreement of housing accommodations a clause providing that as a condition of continued tenancy the tenants shall remain childless or shall not bear children.

SEC. 103. Exemptions; Minimum Floor Area. The provisions of Section 102 of this Article shall be applicable only to any housing accommodation which meets or exceeds the following floor area standards:

(a) Each such housing accommodation shall have at least one room which shall have not less than 120 square feet of superficial floor area.

(b) Every room which is used for both cooking and living, or both living and sleeping purposes shall have not less than 144 square feet of superficial floor area, provided that, when more than one person occupies

such room, it shall have an additional 40 square feet for each occupant in excess of one.

(c) Every room used for sleeping purposes shall have not less than 80 square feet of superficial floor area.

(d) When more than two persons occupy a room used for sleeping purposes, the required superficial floor area shall be increased at the rate of 50 square feet for each occupant in excess of two.

SEC. 104. Tenant Age Policy Not Prohibited. In residential buildings otherwise covered by this ordinance, where the owner has publicly established and carried out a policy of renting exclusively to persons who are defined herein as elderly, said owner or any other person enumerated in Section 102 hereinabove shall be exempt from the provisions of this ordinance, provided, however, that deviation from or abandonment of said policy shall automatically subject said owner to all the provisions of this ordinance.

SEC. 104.1. Definition. Elderly persons. All persons who have attained the age of sixty-two (62) or more years.

SEC. 105. Requirements of Financial Obligations Not Prohibited. This ordinance shall not prohibit the person having the right to rent or lease the premises from requiring the same financial obligations of prospective tenants with minor children as he or she may require of prospective tenants without children. However, no discrimination in the amount or manner of payment of said financial obligations shall be permitted.

SEC. 106. Penalty. Any person who violates any provision of Section 102 of this Article shall be deemed guilty of an infraction, and upon conviction thereof shall be punished by a fine of not less than Two Hundred and Fifty Dollars (\$250.00) nor more than Five Hundred Dollars (\$500.00).

Any person believing that a violation of said section has been committed may file a complaint with the District Attorney.

SEC. 107. Expiration. This ordinance shall expire three years from the effective date hereof, subject to mandatory review by the Board of Supervisors on the anniversary dates prior thereto for the purpose of evaluating the experience of operating hereunder and considering extension of the operative date, amendments or repeal hereof.

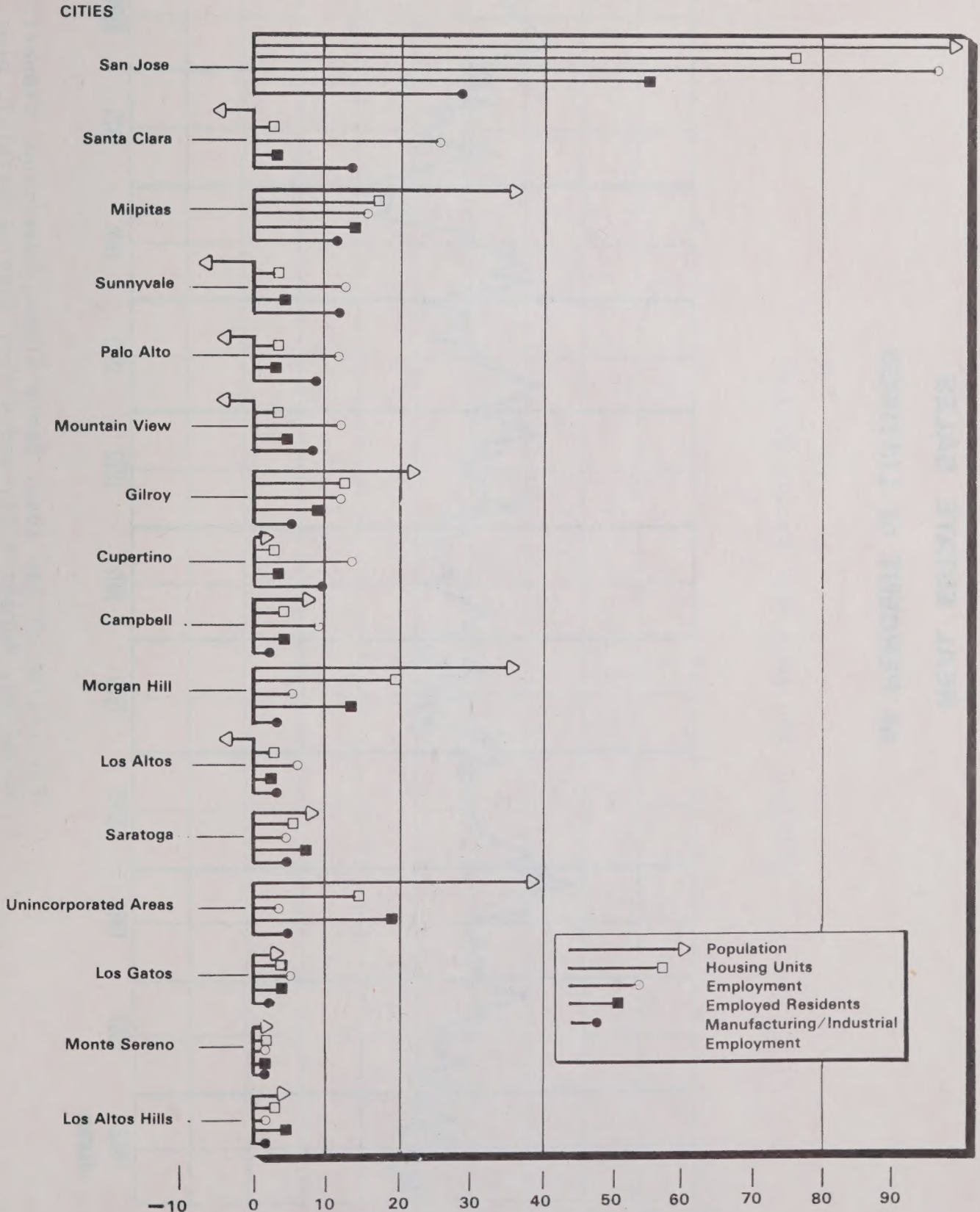
SEC. 108. Severance Clause. If any article, section, subsection, paragraph, sentence, clause or phrase of this Code, or any part thereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, or other competent agency, such decision shall not affect the validity or effectiveness of the remaining portions of this Code or any part thereof. The Board of Supervisors hereby declares that it would have passed each Article, section, subsection, paragraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more Articles, sections, subsections, paragraphs, sentences, clauses or phrases be declared unconstitutional or invalid or ineffective.

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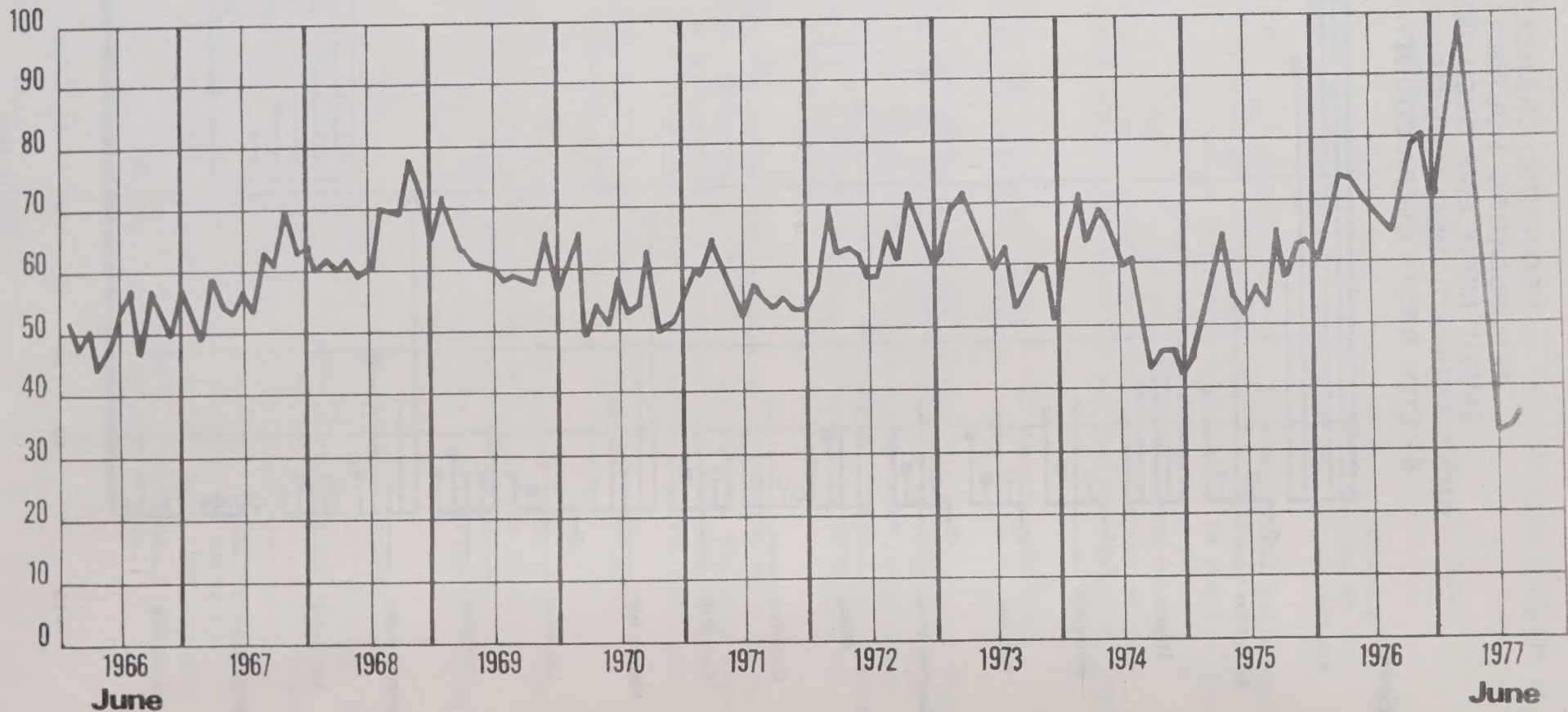
# CHART 10

## PROJECTED CHANGES IN POPULATION, HOUSING UNITS, EMPLOYMENT, EMPLOYED RESIDENTS, AND MANUFACTURING/INDUSTRIAL EMPLOYMENT BY CITY, SANTA CLARA COUNTY 1975 - 1990



# REAL ESTATE SALES as PERCENT of LISTINGS

Source: San Jose Real Estate Board \*



\*For cities of San Jose, Santa Clara, Cupertino, Campbell, Milpitas, Morgan Hill, and Gilroy (approximately), plus unincorporated areas in respective urban service areas.



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